Sara M. Daly.

CONSUMERS' COÖPERATION

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CONSUMERS' COÖPERATION

BY
ALBERT SONNICHSEN

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FOREWORD

UNTIL the war, no speaker on Consumers' Coöperation could escape a question as pertinent as it was monotonous: "Why has success been so brilliant and continuous in England and other European countries while results are so meager in the United States?" For the first time this form of Coöperation has become a serious working class interest. Extensively and intensively it is on a scale which makes possible if not an answer, at least a more confident prophecy that we are to take our place in this world attempt to make "democratizing industry" something more than a phrase.

I am far from giving it as a primary or even a secondary reason why coöperation so long halted in this country, but it has been sorely hampered by muddling together economic activities which have very little in common. A state of mind in which Profit-sharing, Labor Copartnership, Citrous Fruit Companies, Cooperative Creameries and the like, are identical with Consumers' Coöperation, is one in which progress is embarrassed.

No one will read Mr. Sonnichsen's admirable study without gratitude that once for all he has cleaned up his subject. No American writer has done this with so much lucidity and finality. This is the distinction, as it is the excellence of the book. There is up-to-date information, with cheering accounts of the extraordinary growth, almost boom, of the movement. The

volume would be well worth having for this alone. Its analysis and logical approach, however, are what students and those struggling with coöperative enterprises will find most illuminating. It is, moreover, on the side of its severe consistencies that it may be found open to criticism. Only as in England, where "production" has been brought definitely into the service of the store; only where goods are made not for profit but for consumers' use, have economic interests been in any real sense harmonized. Those who believe that Consumers' Coöperation is to conquer the world's industry find in that mastery the solution of conflicting business interests. Those of us who hold that private profit and interest on loans are still utilities and are to remain so for any calculable future will still think of Consumers' Coöperation as only a partner in making and distributing wealth. However powerful the partner becomes he will be beset by business interests which conflict as do those of borrower and lender — buyer and seller. To those of this opinion Mr. Sonnichsen's book is all the more welcome.

As a matter of fact, we are to struggle on in a most illogical and tangled world. Farmers' Elevators, Cooperative marketing and cheese factories are to remain. They are very awkward from Mr. Sonnichsen's point of view, but we must tolerate them as a part of the total Coöperative Movement. We have to do this in the teeth of inconsistencies as we do with other problems in practical life.

Economic organization and even economic theory which bring the interest of producer, necessary middlemen and consumers into final harmony are at a far and safe distance. Meantime the author has done something better than the impossible. More than any book since that of Beatrice Potter (Mrs. Sidney

Webb) — which Schmoller called "road breaking" — Mr. Sonnichsen has lifted Consumers' Coöperation into its own clear light. This will win him the praise he deserves.

JOHN GRAHAM BROOKS.

INTRODUCTORY REMARKS

It has only been within the past six or eight months that we Americans have begun taking stock of the economic results of the war. In Europe the peoples of the belligerent countries began contemplating costs after the first year or two of fighting, one by one, in the order in which they were later vanquished. Now we are all estimating costs — and find them appalling.

Among all the peoples involved in the war, directly or indirectly, there has developed a realization that the present industrial system is inadequate in repairing such damage as the war has caused. Never before have people felt so strongly that social need, rather than personal profit, should be the stimulus behind production. In proportion to the degree to which it has been stricken each nation has turned to more or less radical remedies, ranging from extreme Communism to government regulation. Russia and Hungary, in black despair, have resorted to what we call Bolshevism, not because the average Russian or Magyar has suddenly become imbued with an enthusiasm for social equity, but because collectivism seems to him to promise the quickest relief from his present economic misery. Even in England and this country the people have resorted to mildly Socialistic measures for relief; government control. Everywhere there has been the same realization of the inability of private industry to meet the needs of a critical situation.

When so conservative an institution as the Catholic Church in America officially recommends, however

vaguely, the democratic partnership of Labor in the industries of the country, it may safely be taken for granted that this loss of faith in private industry is fundamental; that, as Lloyd George once remarked during the war, things will never again be the same as they were before the war. Economic pressure is no less now than it was during the struggle. Without discussing the injustice, or justice, of it, people are going to become more and more discontented as they continue paying back the money which was advanced by the prosperous classes to meet the immediate expenses of the war, more often as a good investment than as an act of patriotic sacrifice.

In every country there is now an overhanging fear of Bolshevism, visible in the frantic endeavor to suppress "propaganda." This is in itself nothing more than an admission on the part of the prosperous classes that the masses are, and have reason to be, discontented with conditions as they are, for no amount of argument can make suicide seem alluring to a contented man.

The masses are discontented. They are groping around for remedies. In proportion to the economic pressure which weighs them down they will act judiciously and carefully, or impulsively and quickly. In the latter case we shall have Bolshevism. We shall have evolution, or revolution. There will be no standing still; even the masses of China have begun to move ahead.

Still another element besides economic pressure will influence the people in their choice between the two methods, and that is education, knowledge. To the ignorant mind the simpler method makes first appeal, and a blind upsetting of things that are is the essence of simplicity. The man who knows, from the expe-

rience of history, that every political revolution brings its own reaction; that permanent social changes for the better have invariably come about through evolutionary growth, will resort to violent revolution only under great pressure — or if the processes of evolution are arbitrarily checked by those in power. Let this man freely study the theories which the Bolshevist has to offer him. Let him compare them with the theories of the other propagandas which have as their object a radical change in the present social system. Then let him make a further comparison between the abstract theories and the practical results of concrete efforts in the same direction. Provided that present misery does not blind his judgment, this man will not decide in favor of overnight adventures. It is far more likely that he will put his shoulder to the wheel and push hopefully ahead, realizing perhaps that the ideal will not be attainable within his own lifetime, or ever, in all likelihood, but that over and over again he will meet on his way such minor triumphs as will not only afford him the desired relief in a generous measure, but will send the realization of legitimate conquest glowing through his being.

It is as such an alternative that Consumers' Coöperation presents itself. And let me here emphasize this point: that Coöperation is an alternative to revolutionary and political Socialism, not an antidote, or a compromise. For in its ultimate aims it is quite as revolutionary as Bolshevism, and much more so than the programs of the political Socialist parties. Even so conservative an exponent of its purposes as the late Earl Grey, formerly Governor-General of Canada, declared that "it is in our power, if we are only sufficiently in earnest, to secure the triumphant realization of a future international, coöperative commonwealth

which we believe will one day be coequal and coextensive with the whole civilized world." Lenin himself has uttered nothing more radical than that.

It is in method that Coöperation is opposed to Bolshevism, nor is it improbable that many a sincere Bolshevist chooses violent or political revolution as a means to his end only because he can conceive of no other. The Coöperator, however, is opposed to such measures, not because they are morally wrong, for if there is an end which justifies war, there may also be an ideal which justifies revolution, but because he believes that they are economically wrong; that they cannot achieve the end they seek.

The masses are groping around in the darkness for remedies, a remedy. They have definitely turned their backs on the old order. Wholly, or in part, it is doomed; only the most ignorant and stupid reactionary can deny that. It is in the interest of all alike that they choose wisely.

It is with the firm conviction that the people will choose wisely that the Coöperator presents his plan for a regenerated world.

Though Coöperation is older than all the Socialist programs, it has only been within the past few years that it has become conscious of its own social significance, of its revolutionary tendency. Being a movement of spontaneous growth, it has had few exponents of its philosophy. In a certain sense it has no philosophy. It has steadfastly ignored all theories propounded for it and has continued on its way, bound by economic laws which may be defined only by deduction. Until recently its practical experience was too limited for this purpose. For this reason, too, writers on the subject have invariably confused its boundaries and extended them into other fields of joint action,

associating the movement with enterprises thoroughly out of sympathy with it.

During the past few years, but especially during the war, Consumers' Coöperation has been sharply defining itself, and now it leaves no room in which to doubt its methods and ultimate purposes. From what it has already achieved materially we are able to deduce a theory of industrial reorganization complete within itself, slow and peaceful in its processes of formation, but definite in the end to be attained.

Nor should this subject be of merely abstract interest to us Americans, for already the Coöperative Movement has firmly established itself, not only in the United States, but throughout the two American continents. It is here, not only as a theory, but as an established fact, well emerged from the experimental stage of its development.

The present work makes no pretensions to being a complete history of the International Coöperative Movement. It does, however, outline broadly the significant events in the early development and recent growth of the movement, hitherto dispersed throughout a multitude of reports, pamphlets, year books, official organs, consular and government reports and numerous books devoted to other irrelevant matter. Some books there are, indeed, treating the subject from its modern point of view, notably Mrs. Sidney Webb's "The Coöperative Movement in Great Britain," and Percy Redfern's "History of the C. W. S. (Coöperative Wholesale Society)," [1] but these two

[1] Two recent books, "Coöperation, the Hope of the Consumer," by Emerson P. Harris, and "Coöperation and the Future of Industry," by Leonard S. Wolf, are important contributions to the literature on Consumers' Coöperation, the first on account of its practical suggestions, the second because of its breadth of vision.

writers cover only a limited field. They do not present an account of the most remarkable achievement of Consumers' Coöperation; the part it has played in the war and the promise it gives of being perhaps the most important factor in reconstruction.

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CHAPTER I

SEARCHING FOR REMEDIES

In tracing coöperation back to its origin there is danger of considering the word in its dictionary sense, which would send us groping about in the gloom preceding the dawn of history, when savages first began to organize raids on their neighbors. Broadly, cooperation means any kind of joint effort, for good or bad. The kind of coöperation we are considering does not even include every kind of good joint action. The movement is, in fact, unfortunate in its name in that it fails to limit it, or define it. One has only to run through the card index of any large library to see what a multitude of varying forms of human enterprise the name covers.

The specific kind of coöperation here considered has most commonly been called " distributive coöperation," but this gives a wholly erroneous impression, for it is production which has given it its significance. Also, it has been called the " store movement," for the reason that it had its origin in the coöperative-store societies. More recently the name " Consumers' Coöperation " has been applied, and this does give a fairly correct impression, distinguishing it from those other forms of joint effort with which it has generally been lumped

and with which, in methods, principles, and aims, it has nothing in common.

The conditions which gave birth to the Consumers' Coöperative Movement arose from the invention of steam-driven machinery. It was nursed in the same cradle with political Socialism and Trade-Unionism. Indeed, one man, Robert Owen, is credited with being the father of all three. The same cause, or causes, undoubtedly did create the three and the same conditions continued to develop them. For a while, in fact, all three forms of effort were included under the same name: Coöperation. Eventually Trade-Unionism and political Socialism acquired more definite forms of their own and were named accordingly. Coöperation, being the slowest to develop, retained the old confusing title. To-day, however, Coöperation stands forth very distinct from the other two movements. At first glance it may seem very closely allied with Socialism, but the two movements are widely different in their methods and, in so far as Socialism may mean state ownership, in their fundamental principles.

We need not go very deeply into the revolutionary changes wrought by the introduction of steam-driven machinery. There are sociologists who still look back rather regretfully to the preceding period of handicrafts industry, when every worker owned his own tools, when all things were handmade, and most men were, or eventually became, their own masters.

Then came the machines, one after another, in rapid succession. Beginning with weaving, they invaded one trade after another. The hand tools were scrapped and their owners were set to work feeding the raw material to the machines in big factory buildings. By far the most important machine that presently made its appearance was one which apparently

produced nothing: the railway locomotive. By affording cheap transportation it opened up to each factory the whole world as a market, and gradually it enabled factory owners to concentrate production.

It would seem that the invention of machines which could perform the labor of men, which could increase the production of wealth many times over, must result in a great benefit to society as a whole. But that was by no means the immediate result.

The cost of production of all those commodities in whose manufacture machinery could be employed was indeed cheapened. Cotton, which had been more expensive than wool, now became so cheap that it no longer paid the housewife to spin and weave at home and the picturesque spinning wheel was relegated to the attic. Household furniture was no longer handmade, because steam saws could cut the timber and factory organization could nail it together at much less cost. And all the products of foreign countries, distributed all over the country by cheap railroad transportation, could now be had at continually decreasing prices.

But these advantages were more than offset by the fact that the machine which could do the work of ten men retained only one as its attendant, then threw the other nine out of employment. These nine could not continue with their hand tools because they could not sell their handmade products so cheaply as the machines could produce them, and still earn enough to live. Finally, it was discovered that a woman or a child could attend the machine as well as a man, and so the tenth man was also thrown out of employment. To save the family from starvation, his wife or one of his children took his place, more usually his child. And so began the evil of child labor.

The great saving in economy which the machines effected was reaped entirely by a limited class, by the men who owned them. These waxed rich and powerful and developed into the modern capitalists. The workers were left with nothing but their obsolete hand tools.

Thus, within the space of a comparatively brief period, in the early part of last century, a very critical situation was precipitated in England and Scotland, where the machines had been invented. Thousands and thousands of workers were finding themselves without employment, their numbers being increased by each new machine, and thousands of women and small children were compelled to enter the factories to save their menfolk and themselves from complete starvation. Skilled adults were not wanted, but cheap child labor was so much in demand that the orphan asylums, even the insane asylums, were being emptied.

Even the upper classes grew disturbed over the situation, some from a genuine sympathy for suffering humanity, others through fear of a popular revolution, as had occurred just previously in France. Then appeared the social philosophers, the scholars, who began studying causes and effects, that they might propound remedies for the internal convulsions threatening the nation. One of the most popular of these, among the machine owners, at least, was a clergyman by the name of Malthus. Seeing so many unemployed, he drew the conclusion that there were too many people, so he advised the working classes to breed fewer children. Eventually the machine owners discovered that the working people were also consumers, and then Malthus lost his vogue.

The workers themselves, being more directly concerned, placed the blame nearer to the true source of

the trouble. Instinctively they felt that the machines were somehow the cause of their deepening miseries and blindly they attacked them. All over the country mobs rioted, and sometimes they even succeeded in burning factories, destroying machines, and assaulting their owners. All over, among the working people, rose a cry for the destruction of the machines and a return to the good old days of hand industry, when all had at least an assurance of daily bread.

The rioting and violence being futile, the workers organized secret societies, whose purpose was to limit the machines. The machine owners, who were now becoming politically predominant, responded by having the anti-combination laws passed by Parliament, which forbade the workers to organize. Thus began the Trade-Union Movement and the eternal struggle between Capital and Labor.

Out of all this mad muddle rose a few clear minds, a few men who, by intuition rather than by reason, grasped at fundamental causes. One of the foremost of these was Robert Owen.

Child labor especially roused his deepest indignation and he raised his voice in violent protest. And, curiously enough, he was himself a machine owner, one of the fortunate ones who had secured ownership. Thus he had come into very close contact with the situation and knew it at firsthand.

" Robert Owen," says an old edition of " Chambers' Encyclopedia," " was a man whose life will go down to posterity as one long absurdity." These words represent, not the opinion of posterity, but the opinion with which the upper classes of his own times regarded Owen. At first they laughingly listened to him and humored the schemes which he proposed as remedies. He was very intimate with the lords and ladies of that

time; probably no single man was personally acquainted with so many people in high places as he. The Queen's father, the Duke of Kent, was so intimate with him that he often borrowed money from him, which the Queen scrupulously repaid after her father's death. Probably this may account for the very friendly attitude which the royal family ever afterward maintained toward anything that went under the name of Coöperation.

But in later years Robert Owen fell from the grace of the great majority of people in high places, and from being an "absurd" person he became the incarnation of evil, and his disciples were sent to prison and otherwise persecuted.

Owen was part owner and manager of the New Lanark Twist Company, in New Lanark, on the Clyde, in Scotland. On taking over the management of this manufacturing enterprise, in 1800, he found five hundred children employed there, chiefly recruited from the workhouses and orphan asylums of Edinburgh, ranging from six to eight years of age, their working hours being from six in the morning till seven at night. The adults, mostly women, worked under even harder conditions.

Owen at once raised wages, reduced the hours of labor, and created an establishment not unlike the Ford automobile factories of our day. For the little children he established schools in which corporeal punishment, even harsh words, were forbidden, and games, singing, and dancing were considered more important than book lessons. He was, at any rate, the father of public education and, to no small degree, he anticipated Dr. Montessori.

Gradually Owen began to evolve schemes for the amelioration of the working people on a much more

extensive scale. One of the first of his bigger ideas was the formation of communistic colonies, where the colonists should own the land and work the machinery of production in common. The first experiment of this kind under his patronage was undertaken in this country, in New Harmony, Indiana, in 1825. It failed eventually; such enterprises seem to succeed only when the colonists are united by a common religious fanaticism. But isolation did not seem to be a necessary condition in Owen's mind, for a similar communistic colony was founded later near London. Fourier, over in France, was also advocating similar, though more complicated, enterprises, and his writings may have influenced Owen, but the latter was by far the more practical.

The idea of separate communities gradually gave way to plans for organizing coöperative groups of producers who should own the machinery of single factories in common and sell their products directly to the public, at first through "labor exchanges," stores to which anybody might bring things to be sold, in payment for which they would receive script representing the value of the actual time spent in producing the goods. These labor checks could then be used in purchasing other commodities in the exchange. The fallacy of time as a measure of value was speedily demonstrated and a more practical system of valuation was adopted.

Jacob Holyoake, in his "History of Coöperation," which is largely a record of these early ideas, of Owen and others equally interested in solving the industrial difficulties, devotes one very thick volume to all the theories and remedies proposed. Some of them do indeed appear absurd to us now, but we have a whole century of industrial history to look back on in per-

spective, while these early idealists naturally could not yet grasp the true nature of the new conditions. At any rate, theirs was a divine absurdity. Chief of them all was Robert Owen, for he was by no means prejudiced in favor of his own ideas; his mind was ever open to those of others. Most of his wealth went to spreading a knowledge of what remedies were being advocated and to efforts toward putting some of them into practice. He died comparatively a poor man.

But Owen's appeals were not to the people most interested, the working people. He never proposed that the many enterprises he fathered and advocated should be financed by the working people themselves. That was the business of either rich philanthropists or the government.

In the forms in which he advocated them, these social experiments all failed. Yet they all possessed in common a vital principle which survives: the principle that the machines of industry should be collective property. Owen distinctly grasped the fundamental cause of the trouble — the private ownership of machinery performing a social function. His cure was collectivism: the partnership of all the people. Where he failed was in fixing the form in which this principle should be applied, and surely nothing less than a god could have fixed that, at that time.

And his remedy missed its most important ingredient: Democracy.

CHAPTER II

THE FIRST SPROUTINGS

Of all that large throng of idealists who crowded about the dominating figure of Robert Owen in the early years of last century the great majority were of the upper classes. Deeply worried as they were over the miseries of the masses, they were not of the masses themselves. Later on strong personalities rose here and there out of the ranks of the workers and joined the devoted army, but for many years they represented nothing but themselves. Working-class organization did not appear till a much later date.

Indeed, few of these theories and ideas could have inspired the rank and file of the workers with hope, for all the schemes advocated required vast sums of money for their practical realization. Like idealists of to-day, Owen and his followers spoke of millions.

But there is ample evidence that Owen's essential idea, collectivism, did make an impression on the working people. Or, rather, it should be said that they, too, in their own way conceived that idea, for some of them had already begun their humble experiments before Owen had proclaimed himself. These trifling enterprises, however, failed to attract Owen's attention. Like the Socialists of to-day, his indignation against the injustice he saw about him rendered him so impatient that he wanted to change the social order overnight, and humble beginnings only irritated him.

Now it will be noted that all the proposed experiments of the idealists centered about production. In fact, nearly all involved communal ownership of land, the source of all wealth. And there is a certain logic about this conception: attempting to change the social order by obtaining control of original sources. At any rate, it was clear that the predominating thought was to get hold of the tools of industry: the machines. Therefore every scheme centered at this point. As a theory that idea survives to this day among the political Socialists and, especially, in the program of the Syndicalists.

But aside from the trade-unions, which were purely defensive, therefore of no social significance from a constructive point of view, it is noteworthy that the earliest organizations of the workers took hold of the problem from the other end: distribution. Naturally, this was not the result of any social philosophy they had conceived, but because this method followed the line of least resistance.

Surrounded as they were by an environment of bitter hardness, they regarded the situation with a practical eye, uncolored by the rosy dreams of the Utopians. They felt the pressure from two sides. On the one hand was the employer, the manufacturer, who ever sought to lower their wages. On the other hand was the storekeeper, who sold them the necessities of life, ever tending to raise the prices of the goods he sold them.

Against the employer they presented a purely defensive front: the trade-union. He was too powerful to attack. But the shopkeeper seemed not so formidable. To acquire collective control of the factory seemed hopeless. To acquire collective control of the distributing station, the store, seemed well within the

realm of practical realization. Once they grasped the idea of collective ownership they applied it there, to the store. Thus they organized into consumers' societies and opened their own stores.

According to William Maxwell, author of "The History of Coöperation in Scotland," there were humble beginnings of this nature made before the close of the sixteenth century. The first one of which there is any record was initiated in a small village in Scotland, Fenwick, in 1769. It was the creation of a few poor weavers who saw in this associative effort nothing more than a means whereby they could expand the purchasing power of their scanty wages by a few pennies. Mr. Maxwell is able to present a copy of an entry in the minute book of the secretary, which probably also served as the constitution of the society:

"9th November, 1769.

"This present Day it is agreed upon by the members of our Society to take what money we have in our Box and buy what victwal may be thought Nessassar to sell for the benefit of our society. And the managers of our society may borrow what money They think Proper for that End and purpose. And when the interest is paid of what money yow borrow and the men received their wages for buying and selling thes Victwals we Deal in the Society will both reap the benefit and sustain the loss of them, and If any member of our society Pay not what Quantity of Victwals he receives at the end of four weeks If the managers require it of him, Neither him nor his shall have any more right to our societys Victwals If he be found buying Victwals from any other and leaving the trade in debt of the same according to the option of the society.

Alexander Walles
John Wilson
Andrew Orr, his x mark
Robert Walker
John Burns
Wm. Hendry, his x mark
James Broun
William Walker
William Bunten
Thos. Barr
J. Gemmel, his x mark."

An enterprise differing in nature, but based on the same coöperative principle, was launched in Hull, England, in 1795. The harvest that year had been unusually bad and the price of wheat was higher than it had been for a generation back. Stirred up by these depressing conditions, the "poor inhabitants" of the city presented a petition to the mayor, as follows:

"We, the poor inhabitants of the said town, have lately experienced much trouble and sorrow in our selves and families on the occasion of an exhorbitant price of flour; that, though the price is much reduced at present, yet we judge it needful to take every precaution to preserve ourselves from the invasion of covetuous and merciless men in the future. In consequence thereof, we have entered into a subscription, each subscriber to pay 1s 1d per week, for four weeks, and 6d per week, for four weeks more, which is 6s 4d each, for the purpose of building a mill which is to be the subscribers', their heirs, executors, administrators, or assigns forever, in order to supply them flour; but as we are conscious that this subscription will not be sufficient to bring about this purpose, we do hereby humbly beseech your Worship's advice and assistance in this great undertaking, that not only we but our children yet unborn may have cause to bless you.

Except that this latter undertaking sought and received outside aid, these two are each a representative type of a great number of coöperative enterprises found throughout Great Britain during Robert Owen's period. That there might be in them the germs of a mighty economic mass movement of the future the idealists never suspected; they could not see in grinding flour or selling groceries a road to the social millennium. On the other hand, the members of these small working-class societies themselves seemed equally unconscious of any social mission.

There was one man, however, whose vision penetrated clearly into the distant future.

Dr. William King, like practically all of the social

missionaries of his time, was not of the working classes himself. After having graduated from Oxford and Cambridge, he studied medicine and then began to practice at Brighton, where he soon rose to prominence within his profession and was elected a member of the Royal College of Physicians. He was one of the founders of a technical school in Brighton, where he and Ricardo, the famous economist, lectured from the same platform. Intensely interested in social problems, he studied industrial conditions, not so much at firsthand as Robert Owen, but as a theorist, like the scholar he was. At once those humble flour milling and store societies attracted his attention, and so impressed was he by their potential significance that he persuaded the students of the school he had founded to organize such a society in Brighton, in 1827, just when Owen was in the midst of his propaganda for communist colonies.

In the following year Dr. King began to publish, at his private expense, a series of essays, in periodical form, on coöperation, wherein he expounded his conception of the means by which the working classes were to emancipate themselves from their industrial slavery. And, in marked contrast to the hundreds of other writers on the same general subject who were then expounding their views, King addressed his remarks to the working classes themselves directly, in the second person plural.

"This should be done," he said, in effect, "to gain that end. *And only you yourselves can do it.*"

There is no evidence that the working classes ever read the lectures addressed to them by Dr. King. Twenty-eight numbers of the Brighton *Coöperator* were issued, and then their author and publisher suspended publication in despair. Or perhaps he felt

he had delivered his message. Like many another prophet, he preached in the wilderness, and though England teemed with hundreds of intellectuals keenly interested in solving the great social problems, not one took the least notice of King's essays. Holyoake, than whom there never was a more verbose writer, passes him over with a paragraph.

Though King's writings were inspirational, rather than scientific, in him the modern coöperative movement found its first theorist, its first prophet. So clear was his insight into the future that the subsequent development and progress of the coöperative movement has shown little deviation from the path he marked out for it, nearly a hundred years ago. So applicable are the principles he enunciated and the arguments he made to present-day coöperation that a summary of his program is worthy of presentation, not only on account of its historical value, but because of the clear conception it gives of the ideals that animate the more intelligent leaders of the modern movement.

Until quite recently it may be said that not one Coöperator had ever heard of King or his *Coöperator*, except through the one paragraph in Holyoake's reminiscences. Then, some six or seven years ago, Dr. Hans Müller, secretary of the International Coöperative Alliance, himself a scholar and perhaps the foremost exponent of modern coöperation, while engaged in research in the library of the British Museum came across a file of the old Brighton *Coöperator*. The result was that he devoted a good half of the International Coöperative Alliance Yearbook for 1913 to an exposition of King's writings.

"There is no doubt," comments Dr. Müller, "that King's idea of coöperation was one of social reform. King does not regard coöperation merely as a means

of imposing limits on or exterminating the middleman, or augmenting the productive power of labor . . . he hopes by means of the coöperative society to transform the structure of our economic life as a whole, and thus liberate labor from subjection to and dependence on capital. It is obvious from the point of view adopted by King that he looks upon the interest of capital and labor as being hostile the one to the other, though this view is not directly expressed in words. Without actually mentioning the word capitalism it is plain to him that if the lines hitherto followed are still further pursued, it will result in adding ever-increasing members to the proletariat. He considers it essential to depart from the economic system of the present day, which compels the impecunious worker to agree to work for an employer in order to gain bare subsistence. King considers coöperation the means to be adopted in the conquest of capitalism and its wage system. . . . The aim of coöperation is to enable the workman to work for himself and his fellow coöperators. . . . A means to this end is the erection of stores from which members may purchase all provisions and other necessaries. Members will not, however, gain any immediate advantage by so doing, but it will provide a means for the building up of a collective capital, which they will at no very distant date be able to use in employing their own members. . . . According to King the main idea of coöperation is the acquisition of property, and this idea on his part separates him distinctly from Owen. He stands in marked contrast to the latter. Owen regarded a community, which is a kind of agricultural-industrial and educational society, as the only form of coöperation which would meet with success and for the establishment of which a large capital was necessary. King, on the

other hand, wished to develop coöperation solely by turning to account the power and means which the worker already possessed."

Dr. Müller then quotes King as follows:

"Coöperation being a subject quite new to the working classes, it is natural that they should be ignorant of it. If it has been heard of by them at all, it has been in such a way as to make it appear completely visionary. It has always been connected with the idea that in order to carry it into practice, large sums of money are absolutely necessary. (Obviously a reference to Owen's schemes.) The smallest sum ever mentioned as sufficient for the purpose is £20,000. From this the advocates have gradually risen up to as high as a million. . . . A man wants nothing but his wages and an honest companion to begin. If they can find a third to join them, they may say 'a threefold cord is not soon broken.' They may subscribe weekly toward a common fund, they may market for each other, they may buy large quantities of goods at once and so get an abatement of price — which abatement they may throw into a common stock."

Thus, it will be seen, King bases his philosophy on the power of the workers *as consumers.*

"If a number of workmen were to join together," he continues, "on these principles, their capital would be greater and they might do great things. They might have a store of their own where they might deal in anything they wanted. Their store would enter into competition with other stores in serving the public. As the business increased, the profits and capital would increase. As the capital increased it would employ the members of the society, in any way which might be deemed most advantageous. If there was a profitable demand in the public for any particular

commodity, the members might manufacture it. If the profits of manufacture were not high enough to make it worth producing them, the members might easily raise their own food by hiring or purchasing land, and becoming, part of them, agriculturalists instead of manufacturers."

Here he prophesies what was not realized till a generation later: that the consumers cannot only manufacture for themselves, but reach back to the original source of all production — land. But over and over again he emphasizes beginning from the distributive end, as follows:

"The working class should begin by having shops (stores) of their own. These shops should belong to a number who should form themselves into a society for the purpose. . . . They should deal as much as possible with their own shops — by which each society would receive the profit upon the run of the shops, which now goes to the shops in general (private stores), by which profit, by which alone, all the rich shopkeepers in the world grow rich and make their fortunes. We say it is this profit alone which maintains the splendor of the merchants and companies of the world. The London merchants, the Liverpool merchants, the Bank of England, all make their fortunes out of this profit.

"Then, if this be so, the working classes have the strongest possible motives for opening shops for themselves. The sum of money which the working classes spend each year is enormous. The profit on this sum would of itself be sufficient to establish many manufactories. It is not the want of power, but their want of knowledge, which prevents their making a beginning."

"As is clearly obvious from King's expositions,"

comments Dr. Müller, "he recognizes that the power of the working classes lies in their capacity as consumers. If the working classes were to organize themselves coöperatively, and purchase all their goods from their own shops, they would thus accumulate, year by year, a considerable sum of money which would be of much economic importance and would enable them to build their own factories, acquire landed property, and provide work for themselves. This recognition of the economic powers possessed by the workers enabled King from the outset to reject the philanthropic socialism of Owen. The latter made constant appeals to the prominent and wealthy members of society, requesting them to furnish means for social experiments for the solution of social problems, while King, on the contrary, makes his appeal solely to the working classes. He is convinced of the fact that they possess the necessary power and capability to acquire the requisite means for production; what they lack is insight and knowledge. The consciousness of their power and capability, rightly made use of, would emancipate them from the capitalist class."

The above quotations, brief as they are, fairly well indicate King's plan. His difference of opinion from the Owenites cannot be too much emphasized. Both did agree in that they believed that the tools of industry should be collective property. But the Owenites were essentially revolutionists, in that they wanted this transition to be effected at once. They differed only from the majority of present-day political Socialists in that they would utilize the money of rich people as a means, for which the latter have substituted legislative action, political power.

While King was an evolutionist, realizing that this great change could only be accomplished gradually,

developing simultaneously with the growing knowledge and training of the people. Furthermore, the Owenites, again like many Socialists of to-day, and like the Syndicalists, held that the power of control should be scattered about among many separate, or trade, groups, each in possession of the tools pertaining to its special vocation. Whereas King conceived of the people as one broad democracy, wielding their power in common, to which each individual worker should be equally subservient.

CHAPTER III

THE TWENTY-EIGHT WEAVERS OF ROCHDALE

THAT magnificent idealism which swept over England during the first twenty-five or thirty years of last century and which, though it included a thousand varying ideas and theories for the improvement of the social system, went under the name of coöperation, seemed to recede and almost disappear during the early thirties. To be sure, Owen's voice remained heard during the whole first half of the century, but his upper-class audience dwindled almost to nothing, and the working classes as a whole knew nothing of him.

The depression which set in may in large part be ascribed to the wholesale failures of the schemes with which Owen and his followers were connected. Some of the leaders of the coöperative-store organizations had, indeed, been attracted to his propaganda, with the result that they, too, had become imbued with his big-scale conceptions and, in trying to adapt their small experiments to Owenite theories, had caused them to fail.

Among the stores as a whole there had also been a great number of failures. But it is inherent in the nature of Consumers' Coöperation that its initial attempts do fail. Apparently the majority must fail until federation strengthens the units and develops methods of practice.

At about this time, too, the pressure on the masses, augmented by the pernicious corn laws, was becoming so unbearable that they were much more in the mood

for violent revolution than for the evolutionary methods of Consumers' Coöperation. The Bolshevism of that time was in the air. During this period occurred the mob demonstrations in favor of the People's Charter, sometimes taking almost the character of armed uprisings. Finally, after the corn laws had been repealed, Chartism died down and once again, after ten years or more, the people were cool enough to consider coöperation.

But by this time they had little to turn to in this direction. The voices of the Utopians, the cranks of their day, were stilled. And though Dr. King was still alive, nobody outside the medical profession remembered either him or his preachings.

It was for this reason, rather than because of any new principles they introduced, that the Rochdale Pioneers were then, or have since been, regarded as the pioneers of the coöperative movement. The story of their organization is rather picturesque and has been made much of; in fact, it is usually the sum total of the average American's knowledge of coöperation. However, as the Rochdale Society has been commonly regarded as a type of a truly coöperative society, it may be well to review the origin of the organization anew.

In the early winter of 1843 a number of weavers in the town of Rochdale, in the north of England, came together to discuss ways and means to bettering their condition. There had recently been a strike in the flannel mills of the town followed by a lockout and general unemployment. Labor organization as a means of bettering the situation did not inspire them with much hope, after the experience they had gone through. There was little chance of raising wages then. But why not try to accomplish what would amount to the same thing through other means; raise

their wages by lessening the cost of living through a coöperative store?

There had been a coöperative store in the town some years before, and it had failed. Nevertheless, they decided to try again. Just previously, Jacob Holyoake, an Owenite disciple, who, however, differed from his earlier colleagues and the master in that he attached some importance to the coöperative store, had delivered a lecture in the town and had urged them to make a beginning.

The weavers agitated the idea among themselves until they had increased their group to twenty-eight, each of whom agreed to subscribe one pound toward the initial capital required for the purpose of opening a grocery store. This money was paid up in weekly installments of a few pennies, but finally the twenty-eight pounds had been accumulated and the now famous store was opened in a back street, Toad Lane, the members taking turns as salesmen during the evening hours the store was kept open.

Hundreds of just such stores had been opened before by just such groups of workingmen. There was, however, a special feature about the business system on which the little enterprise was founded, inscribed in the by-laws of the society, which has served to distinguish it in the history of the coöperative movement. As is known now, this feature had been practiced by earlier societies, but the Rochdale weavers made it widely known through their success and so made the name of their town a household word in every civilized country of Europe.

The business plan on which the early societies had been operated had been various. In all of them the individual members subscribed certain fixed sums, usually one pound, toward the necessary capital.

Some stores, among whose members idealists predominated, sold the goods at market prices and allowed the profits to accumulate with the store's capital. Such societies rarely developed, for the reason that the majority of people are not idealists and seek definite benefits, caring little for future promises. This was King's plan, pure and simple. It had to be slightly modified before it would work.

Other stores returned the profits to the shareholding members as dividends on shares, thus differing from ordinary joint-stock companies only in that the shares were scattered among a greater number of people. Other stores sold at cost price, or slightly above. These latter, naturally, had not within them the element of growth, and the slightest miscalculation easily resulted in a fatal loss.

The Rochdale coöperators formulated a plan which has ever since borne the name of their community; a method which was, in effect, a compromise between the idealism of King's proposal and the inherent selfishness of average human nature. .

The peculiar clause in their by-laws provided that goods in their store were to be sold at regular market prices, such as prevailed in the private stores. At the end of each quarter the profits, after all expenses had been paid, and after a substantial appropriation had been made to a reserve fund, was given back to the purchasing members, to each in proportion to the amount of his purchases. Capital, representing the shareholdings of the members, received only a fixed, minimum rate of interest, its rental, as it were, and was considered as an expense. Each member, man or woman, had one vote in directing the affairs of the society, regardless of the number of shares held, which was, however, usually only one.

Such, in brief, is the Rochdale plan, with such minor variations as paying half rebates to purchasers not members, allowing, or not allowing, employees to become candidates for office, etc. The appropriation of a fixed proportion of the profits to education, or propaganda, was another Rochdale feature considered important in those days, before this function was largely taken over by a federative central body.

The Rochdale system of returning the profits of an enterprise to the purchasers in the form of rebates has generally been considered a revolutionary innovation, though it must be clear that not returning the profits to the purchasing members would be still more revolutionary, provided they were retained as collective capital, in conformity to King's ideas. It will also be clear that had it been practicable to follow the latter course, coöperative stores would have developed much more rapidly in that the profits would have augmented their capital. Thus the Rochdale plan is actually only a modification of the principle itself.

Yet even as it is practiced, the Rochdale system abolishes private profit from industry, so far as it reaches. In the ordinary commercial sense "profit" is that margin between buying and selling prices which the private merchant, or manufacturer, puts into his pocket. As King pointed out, it is from this source that the great private fortunes of commerce are derived. It is to this tax, levied by capitalism on the consuming public, that the Socialists attribute all the evils of capitalist industry. On this point the coöperators agree with the Socialists. Therefore, since this margin is derived from the consumers, they either return it to them or place it to their credit as collective capital, thereby abolishing private profit completely. In fact, it is no longer profit.

Is it just, some may ask, that his remuneration for services rendered should be taken from the merchant or the manufacturer?

But coöperation does not deprive the shopkeeper or the manufacturer, or what corresponds to these functionaries under the coöperative system, of remuneration for services rendered. Under the profit system the merchant or the manufacturer has largely the power to fix his own remuneration, this power being limited only by competition or the capacity of the public to pay his prices. Never does profit bear any relation to cost. This power of fixing his own remuneration coöperation would take out of the hands of the merchant and place in the hands of the people, giving him, instead, a fixed salary, or wage, approximately in proportion to the value of his services. Thus the independent shopkeeper, or merchant, is transposed into the salaried store manager; the private manufacturer into the paid factory superintendent. Universally applied, this would mean that every one of us should become the paid servant of his fellows.

CHAPTER IV

FEDERATION

THE Rochdale store, which was a successful enterprise from the beginning, marks the rise of what some writers call the Second Coöperative Movement, Owen's and kindred experiments being considered the first, though as a matter of fact there had not yet been any pronounced development of the consumers' organizations. That the success of the Rochdale store was due to the new system of returning profits to purchasers is not entirely true, as even societies beginning on this basis have a habit of failing before a general movement is established. Simple weavers though they were, there seem to have been among the original members a number of men of exceptionally good judgment and what is commonly called business ability, for Rochdale was to furnish the main guidance in a much bigger enterprise whose establishment we are coming to presently.

The " dividends on purchase " system, however, was largely given credit for Rochdale's success. Its fame began spreading, first all over Great Britain, then, some years later, all over the civilized world, even to this country. One by one all the existing coöperative-store societies in England and Scotland adopted the Rochdale plan, while new societies founded on this basis began appearing in large numbers, especially in the industrial districts in Lancastershire and Yorkshire, in the north of England, and in Scotland. Here, for nearly a generation, the consumers' move-

ment was centered. Nor must this restriction to a limited area be forgotten in comparing the progress of coöperation in Great Britain with its slow development in this country. These early stores were close together, within walking distance of each other, so to speak. The leaders, the members of the local managing committees, could come in frequent contact with each other and compare notes regarding methods of management and propaganda and, quite as important, stimulate each other's enthusiasm. Many a first effort has died through isolation.

The Rochdale Pioneers (the Rochdale Society of Equitable Pioneers) had begun business in 1844, with a capital of very little over a hundred dollars, and during the next year it did a business of about three thousand five hundred dollars. Ten years later its original membership of twenty-eight had expanded to nearly a thousand and its yearly business was amounting to considerably over one hundred thousand dollars. And in 1859, when new developments in the movement were about to take place, the membership was nearly three thousand and the yearly trade over half a million dollars.

But though many of the societies which were founded through the stimulus given them by the Rochdale people failed, there were many which succeeded and, toward the late fifties, were showing quite as vigorous a development as Rochdale. By that time the local coöperative store had passed the experimental stage; some hundreds of prospering enterprises had proven beyond a doubt that workingmen could handle the distribution of their own necessities quite as efficiently as private dealers could do it for them, and much more economically.

The coöperators had learned their first lesson and

knew it well. But, as must have been obvious to the least ambitious of them, there was no reason why they should stop there. The whole world of commerce and industry lay before them, and beyond that lay the land for whose possession all the early organizers had yearned.

By combining their individual purchasing powers, the Coöperators had succeeded in reducing economic pressure to an appreciable degree. It required no deep insight on the part of the members of the local societies to realize that this process of reduction could be carried a step further. As individuals had combined, so local societies could combine and centralize a really enormous purchasing power. The stores saved their members the profits of the shopkeepers; the super-cooperative society, the federation, would save them the profits of the wholesale dealers, the commission merchants, the jobbers, for it could deal directly with manufacturers and agricultural producers.

Already in the early days the idea of a centralized purchasing power, a central purchasing agency, had been advocated by some of the leaders. The Halifax Society, Dr. King's creation, actually succeeded in getting twenty other societies to join it in such an attempt. Some capital had been raised, a warehouse had been opened in Liverpool. It existed for two years, and then disappeared. The time had not yet come.

Now, in the late fifties and the early sixties the agitation for what was termed a "wholesale society" was renewed. But now there were behind the agitation men who had had experience in commercial enterprise, while the local coöperative societies numbered around three hundred.

Back in 1852 the Rochdale Society had, at the

suggestion of other societies, undertaken to include the purchases of its neighbors with its own by opening a wholesale department, but this proved a failure. At this time coöperative spirit was still so undeveloped that the members of the other societies could still not conceive of an enterprise being carried on without the stimulus of "profit," and they suspected Rochdale of ulterior motives. On the other hand, the members of the Rochdale Society could not yet see the advantage of carrying on a business for outsiders without profit. The venture failed then, but at a later date Rochdale and a number of the neighboring societies effected a small local federation for the purpose of grinding their flour in common.

In 1860, this time at the initiation of several of the Rochdale leaders, conferences were held by representatives from the various local societies about Manchester to discuss federation. The first obstacle that presented itself before them was the law, which seemed to take the point of view that workingmen should not be intrusted too far with the management of their own affairs. There was a statute which forbade one cooperative society from holding shares in another and limited the holding of landed property to one acre.

The first business undertaken by the committee appointed by these conferences was to have this statute removed from the books. The agitation was taken up through members of Parliament, the local societies subscribing varying sums of money for the expenses. In these efforts the Coöperators were supported by Richard Cobden, the famous apostle of free trade and then representing the Rochdale constituency in Parliament. Other representatives of northern constituencies also gave their support. But over a year passed before they succeeded.

The member who presented the bill before Parliament for its second reading spoke of some hundreds of societies in existence, "doing a business which in the course of last year amounted to the extraordinary and almost incredible sum of $7,500,000. The men responsible for this bill," he added, "are not embarked in a pleasure boat, but are pulling for their lives in a mere skiff and deserve to be protected from the surging billows on every side."

But eventually the bill annulling the objectionable law was passed, without one voice being raised against it, either in the Commons or the House of Lords. The societies were now able to federate and carry on a business, with limited liability, on an equal basis with private corporations. Now the move toward centralized buying was pushed vigorously.

In 1863 the "North of England Coöperative Wholesale Industrial and Provident Society" was founded and, not long afterward, it opened a modest office. At first it was intended that this central purchasing agency should supply its constituencies of local societies only with a limited line of groceries, the expenses to be paid out of a commission charge. But this was soon changed to the same system practiced by the local societies, whereby goods were sold at market prices and the surplus was returned in proportion to purchases, or "to increase the capital of the society." Eventually the practice became to devote a substantial part of the surplus to reserve funds and the working capital and to return the rest to members. The business was managed by a special committee, or board of directors, elected by the quarterly meetings of the delegates from the constituent societies.

The first half yearly report, issued in 1864, showed a membership of fifty-four societies, representing about

eighteen thousand Coöperators. The weekly business of these members amounted to about forty-two thousand dollars in the aggregate, yet for a period the sales of the Wholesale Society amounted to only about four thousand dollars a week. This meant that the societies which had actually joined the Wholesale and had subscribed to its capital stock were giving it only about ten per cent. of their trade.

An inquiry into this situation revealed one of the first obstacles which the Wholesale had to contend with. The local managers, the socialized shopkeepers, decidedly objected to having the functions of buying taken away from them. It reduced them from responsible positions to mere clerks. Some were able to influence their committees against patronizing the central institution, though the members had voted in favor of it. But this obstacle, like many others, of which mere prejudice was not the least, was gradually overcome. At the end of the second six months a rebate of one and a half pence on the pound was declared, and at the end of the third six months this was doubled. In 1865, a little over a year after beginning business, the office of the Wholesale was obliged to move to more commodious quarters. By 1866 over two hundred societies had joined.

The establishment of the Coöperative Wholesale Society, to which its first long name has since been reduced, marked a very important turning in the progress, not only of English coöperation, but, as will appear later, of the whole world movement, already begun in many of the Continental countries at that time. As was obvious in the beginning, it was not of marked benefit to the larger societies, which were already able to buy in big quantities and deal independently with manufacturers and agricultural producers,

but the majority of them joined through the enthusiasm of their leading members. It was to the smaller units of the movement that the Wholesale came, often as a saving institution. First of all, it solved the discouraging problem of buying on the wholesale market, a difficulty especially terrifying to amateurs. It saved also the expense of buying: not only the higher salaries which must be paid men with such ability, but the time which they must devote to this function. It was far better able to insure quality and purity, since it could afford to employ men who were experts in judging. Its growing purchasing power could enable it to obtain better bargains; this, of course, was one of the chief arguments in its favor. It saved the stores the profits of the middlemen. Finally, it encouraged the formation of new societies, thereby providing a stimulus for the further expansion of the movement, for it eliminated many of the important causes of failure. Bad business management is undoubtedly the chief cause of failures, and this again resolves itself into the inability of inexperienced persons to buy as cheaply as experienced tradesmen, with whom they must compete. Disloyalty, another fatal disease to young societies, is itself only a result of bad management, since poor quality of goods at prices higher than elsewhere discourages enthusiasm quicker than any other cause. Under the wing of the big Wholesale, the newly hatched societies had not these initial difficulties to fear; they began their careers full-fledged, as it were, enjoying all the advantages which the older societies had only gained from a long and grueling experience. Added to this, there would come occasions when the Wholesale could offer financial assistance to local societies up against a critical situation.

And, indeed, from now on began the steady increase of the consumers' coöperative movement in Great Britain. This growth which it encouraged reacted on the Wholesale itself, which rapidly expanded. At the end of the first five years, in 1868, nearly 60,000 consumers were affiliated with it, through their local societies, while the sales for the year amounted to considerably over $1,600,000, as compared to $259,000, the sales during the first year. At the end of ten years, in 1873, the affiliated members numbered 134,276; while the sales for the year were up to nearly $6,000,000, on which the surplus savings amounted to over $55,000.

In 1872 a banking department was added to this central purchasing agency, which was to be an important factor in a new development imminent at this time. Post-office savings banks were at this time unknown and local-store members were in the habit of depositing their savings with the stores. These savings were centralized and furnished the movement with a tremendous capital.

Meanwhile, in 1868, the Scottish coöperative stores, observing the success of the English federation, invited the latter to establish a branch in Scotland, but the management committee of the English Wholesale was of the opinion that this would be spreading over too wide a territory and advised the Scots to establish a Wholesale of their own. This they immediately did, with the active assistance and guidance of the English.

This second British Wholesale Society, having a smaller territory to cover, has never equaled the English institution in size, but in proportion its development and progress was quite as marked. Later these two central institutions, the one in Manchester, the

other in Glasgow, were to form a partnership in special enterprises, as when they jointly acquired tea estates in Ceylon for the production of tea under their own control. But these joint enterprises were only those of such a nature as could afford economy in concentration.

And here, at the end of the first nine or ten years, just before they embarked on another very important development in the coöperative movement, we leave these two democratic institutions while we consider, briefly, a second form of federation which had already been effected among all the societies of Great Britain.

As already noted, a wholesale society has one very specific function to perform for its constituent members: to supply them with merchandise. It is purely a business union, in the hands of men who have a certain limited work to perform.

Yet there are other very important aspects to cooperation other than the commercial. Quite as important, if the benefits were to increase, was bringing more members into the movement, whether into already existing societies, or as new societies. This could best be accomplished through organized propaganda. Publicity, we might call it, corresponding to the advertising of private industry.

In the early stages each member possessed of the coöperative enthusiasm naturally assisted in this work, speaking before small audiences of his fellows, or "going after them" individually. But it is not every person, no matter how sincere, who has the power of presentation and persuasion. So this work was gradually relegated largely to specialists: orators and lecturers. Then, too, the printed word must be brought into use; leaflets, pamphlets, books, periodicals, must

be published, to spread a knowledge of coöperation and what it could do for the people. Small societies could not undertake this work very effectively, so a number would combine, perhaps on speakers and printed literature, at first.

Next, there was the question of formulating standard rules and modes of procedure, with which new societies might be guided to success. Rochdale, as an illustration of this need, was for years flooded by letters of inquiry regarding such matters, some of them hard to determine because they had not yet been formulated. Here, again, the leaders of various societies came together to compare experiences.

So it came about that another federation was gradually formed, quite aside from the business federation. True, one federation might accomplish both functions, propaganda and business, and this is actually done at the present time in several countries, but experience has proved that a separate organization for each gives the movement more elasticity.

The desire to exchange experiences had led to a number of conferences in the north of England. Gradually these conferences had become more regular, formal, and expanded into district conventions. In 1851 there was a general convention of the Yorkshire and Lancastershire societies, held in Manchester, at which a committee was elected to prepare model rules for new coöperative societies. Nine years later these same societies organized a permanent Conference Association. Finally, in 1868, a national conference was held in London, to which all the societies in Great Britain were invited to send delegates. At this national convention a committee was elected, which made arrangements for the first national coöperative congress, which was, accordingly, held next year, 1869.

Since then the general British movement has held regular yearly congresses, each in a different locality.

From the first congress sprang an "executive board," to carry out the orders of the congress during the year, being just what its name indicated. Within a short time this was expanded to a permanent Central Coöperative Board, in which the movement was represented in five sections, or districts. This organization later developed into the present British Coöperative Union.

The Coöperative Union is, first of all, the educational body of the British Coöperative Movement. Each yearly congress decides what character this education, or propaganda, shall assume; what constitutes true coöperative principle and method. Some have referred to these congresses as "the British Coöperative Parliament," but its character comes somewhat short of this. In the early years it did, indeed, attempt to dictate to the business federation, but its impotency as a legislative body for the movement was quickly demonstrated, as we shall have occasion to show later.

Aside from carrying on a country-wide propaganda through lectures, pamphlets, books, and other publications, the Union acts as an advisory body to new societies, for whom it issues model rules, systems of bookkeeping, and other such practical literature. Sometimes it sends agitators into unorganized communities to encourage the formation of new societies, but this policy is no longer carried out as much as formerly, Great Britain being now practically covered from end to end by coöperative organization. The Union also maintains a parliamentary committee to guard its interests in Parliament; to see that the private traders do not succeed in passing adverse leg-

islation against the movement, etc. That it accomplishes a great service for the local societies is obvious from the fact that practically all the British societies have joined the Union, the census figures of the government being very little larger than those reported by the Union at the yearly congress.

CHAPTER V

COÖPERATIVE PRODUCTION

WITH the complete and successful operation of the two British wholesale societies coöperation had penetrated within capitalist industry to the point of manufacturing; production. It had covered, within its own field, the whole business of distribution. It extended from the doors of the farmer or the manufacturer to the door of the ultimate consumer, eliminating therefrom the shopkeeper, the wholesaler, jobber, and commission merchant. And there it paused for some years, while it consolidated the positions it had won. And there, according to the opinions of many, including some prominent economists, it must halt forever. Wherefore the name, " distributive coöperation."

Radical economists, including no less a person than Lasalle, have referred to consumers' coöperation with unhidden contempt, a penny-saving device, of no social significance. That they should have been misled in their understanding of coöperation is not to their discredit, for, as we shall see presently, all the literature arising from the movement, with the exception of some recent essays and books, has been the product of men who themselves never realized the true nature of Consumers' Coöperation.

As the critics have pointed out, not without reason, so long as the distributive system of the consumers' organizations is divorced from its sources of supply, it remains economically in chains, socially in-

significant, truly a mere device for reducing the cost of living by a limited percentage.

Even as such it would inevitably fail in its purpose. Wages, as Lasalle pointed out, tend automatically to remain at the level of bare subsistence. Labor organization may indeed force wages upward. But then invariably the cost of living follows the upward course. When the coal miners of Pennsylvania forced a raise in their wages, in 1903, the price of coal was raised more than sufficiently to make up the loss to the coal operators. The rise in the price of coal was felt by the whole body of the working classes, as consumers, though only the miners had benefited by the rise in wages. Higher prices for coal, also, automatically brought higher costs in manufacturing, for which the manufacturers were bound to recoup themselves by higher prices for their commodities. Thus the public at large, and not the employing class, more than paid the miners their rise in wages. Another illustration was the Lawrence strike, in which the strikers gained a ten or fifteen per cent raise in wages. Simultaneously the cost of cotton goods went up from fifteen to twenty per cent.

This tendency on the part of the cost of living, to rise with wages, cannot be permanently checked, even by a general system of coöperative distribution. For the fixing of the prices is not with the retailers, nor with the wholesalers, but with the manufacturers and the agricultural producers, outside the control of the coöperative stores.

This defect in their system the Coöperators of Great Britain realized at a very early stage of their experience. They grew familiar with the practice of wholesalers and, later, manufacturers to raise prices on Coöperators, "because they can afford to pay

more." Hence rose the cry of "a cöoperative source of supply."

In other words, the Coöperative Movement must get control of production.

Chief among those who realized this need and proposed to supply it was a small but very influential group of social reformers calling themselves Christian Socialists. They were the logical successors of the early Owenite idealists, educated and mostly wealthy men, most prominent among them being Vansittart Neale, Thomas Hughes, author of "Tom Brown's School Days," Charles Kingsley, still more famous as an author, Frederick Maurice, and John Ludlow. They were essentially Owenites in all except one feature. Owen had been anti-church, even anti-religious, in an orthodox sense. This had made him widely disliked. These men were all stanch members of the established church; therefore the qualifying adjective before their socialism, to distinguish themselves from the earlier Owenites. Closely allied to them was Jacob Holyoake, except that, like Owen, he rejected the religious qualification. To this day Holyoake is still widely regarded as the historian of the British coöperative movement, on account of his extensive writings on certain phases of it.

Like Owen and his followers, the Christian Socialists clung to the idea of a close interpretation of the formula of the collective ownership of the tools of production. To them it meant that the actual workers in a factory plant should own and control that plant, and divide its commercial profits among themselves. They could not see the broader collectivity of society at large. But they modified Owen's ideas of communistic communities considerably. The modified form of coöperative production which they advocated

and promoted they imported from France, where it was initiated by the followers of Buchez and, at a later period, developed to a considerable extent under the patronage of the French Government, to serve as a check on trade-unionism.

The activities of the Christian Socialists began in 1848, when they issued an organ in which they attacked vigorously the evils of the capitalist system, especially sweatshop industry. "Alton Locke," Kingsley's novel, was part of this propaganda.

Two years later they organized the "Society for the Promotion of Workingmen's Associations," which carried on a special propaganda for "self-governing workshops," the form of enterprise which the Christian Socialists contended later would give the consumers' stores their coöperative source of supply.

The principles on which these productive societies were founded were never very clearly defined, being subject to all sorts of compromise so that the actual enterprises which came into existence were divided into an endless number of "types." But the main idea seemed to be that a certain group of workingmen should organize themselves into a society, each should subscribe some money toward the working capital of a productive enterprise, should have a vote in its management, and should share in its profits when the products of the enterprise had been sold on the open market. This was the ideal. The Christian Socialists saw the whole world of industry eventually transformed into a vast number of such independent manufacturing groups. They were the forerunners of the present-day Syndicalists, whose theory it is that the workers in every separate industry should own and control all the material property and machinery connected with that industry. The miners should own

the mines, the railroad men should own the railroads and, presumably, as Mrs. Webb remarks, the school-teachers should own the schools and the street sweepers should own the streets. At any rate, there is no logical dividing line between practical possibility and absurdity, if the idea is followed out to its end.

The first batch of these enterprises which the Christian Socialists turned out and supported failed as completely as did Owen's communistic schemes. From this experience they saw that it was one thing to manufacture commodities, but quite another thing to market them. Vaguely they sensed the important truth that distribution must be organized before production; that a manufacturer must prepare an outlet for his goods. In the capitalist world salesmanship provides for this. The promoters of the self-governing workshops had not provided for salesmanship. It came to the Christian Socialists that the organized coöperative stores would be the ideal market for their self-governing workshops. The two together would form a complete coöperative commonwealth. The self-governing workshops would have their market; the stores would have their coöperative source of supply. They were even willing to concede that the store societies should have a voice in the government of the productive plants of the manufacturing societies, though they thought it no more than right that the store societies should furnish the greater part of the capital.

With these ideas, the Christian Socialists were, withal, enthusiastic supporters of the consumers' movement. Vansittart Neale and Hughes, both lawyers, had been hard-fighting champions for the movement in Parliament and the courts; it was Neale who had

drafted the bill making the Wholesale possible. Again, Neale had been the leading spirit in the organization of the Coöperative Union, of which he was general secretary for over twenty years. Holyoake, a firm believer in the economic theories of the Christian Socialists, had lectured and agitated for the coöperative stores ever since he had urged the Rochdale weavers to organize their store. Aside from this, they were all men of such undoubted sincerity, so obviously self-sacrificing and unselfish, and of such high idealism that even those who later became their bitterest opponents could never refer to them personally except with words of deepest respect. Thus their moral sway, their influence, over the movement was almost autocratic. And this influence they wielded to its fullest extent in favor of their economic theories. To this day the literature of the Coöperative Union is not entirely purged of their economic fallacies, while all the books that have been written on the subject of coöperation, with a few late exceptions (and Mrs. Webb's treatise, published in 1891, which first exposed their unsoundness), have been from the Christian Socialist point of view, either ignoring or condemning the subsequent course followed by Consumers' Coöperation into the field of production. Because of this, there still prevails in this country, where extensive efforts were made to establish self-governing workshops, the impression that coöperative production has been given a fair trial — and has failed.

Meanwhile, in the early seventies, the English Wholesale was being confronted by a variety of new problems, none very important in itself, but all combined, served to guide the consumers' movement toward the long-sought goal: a coöperative source of supply.

First of all, the loan deposits from the members were troubling the local societies. In spite of the low rate of interest paid on these savings in trust, they accumulated in such volume that the local societies had trouble to decide how to invest this money. Some took shares in private corporations, especially in railroad securities, but it was very soon discovered that this was a bad coöperative principle; giving the opponents of the movement the use of coöperative capital. So the local societies began shifting their troubles over to the Wholesale by turning the money over to it, especially after the banking department was opened. Thus the Wholesale found itself in possession of more capital than it knew what to do with.

Another annoyance to the Wholesale officials, at about this time, was the tendency on the part of private manufacturers to either discriminate against it, or boycott it entirely. In fact, one trade journal had set deliberately to work to organize a general boycott of the coöperative movement, though not with any marked success. Undoubtedly wholesale merchants and other middlemen were able to bring pressure to bear on individual manufacturers and force them to boycott at least the Wholesale.

These were both factors which led to the momentous decision taken in 1872. In one of the quarterly meetings held that year it was suddenly proposed that the Wholesale engage in manufacturing goods for its own constituents.

From that moment the movement was divided into two strongly opposed factions, exciting a controversy between the leading spirits on each side which was saved from becoming bitter only by the mutual respect they really bore for each other's personalities. Vituperation certainly never has been a feature of the

coöperative movement, either in its debates or its journalism.

The Christian Socialists were naturally opposed to this step. By this time they had succeeded in influencing a great number of the stores to support productive enterprises based on their theory. Through this support a number of these self-governing workshops had been able to establish themselves, though they were now no longer "self-governing." Also, they had persuaded the Wholesale to act as agents for a great number of others, thus opening a market for them.

If the Wholesale now engaged in manufacturing itself, that would mean the death of the productive societies. Naturally, the stores owed first allegiance to the Wholesale enterprises. This would close the consumers' organizations as a market to the self-governing workshops.

The Christian Socialists themselves were in a small minority, the rank and file having little opinion, one way or another. But their influence was strong. Even on the management committee of the Wholesale there were several individuals who opposed the proposed step, through their sympathy for Vansittart Neale, Hughes, and their group.

But "economic determinism," to use Socialist terminology, carried the day. The economic advantages in favor of the Wholesale going into manufacturing were so obvious that the delegates at the meeting voted in favor of it by a large majority.

First, there were the two considerations already mentioned. With more capital than it knew how to dispose of to advantage, the Wholesale could be independent of any manufacturer who chose to discriminate against it.

Then, there was a magnificently organized market behind every productive enterprise the Wholesale might choose to open. It needed no large business experience for each delegate to see the big economy that might thus be effected, through the elimination of the gigantic expense of advertising and salesmanship. Every true Coöperator would be a walking advertisement for the Wholesale products. Where a private manufacturer would have to spend vast sums of money in building up the "good will" of his trade, the Wholesale enterprises would begin business already provided with this expensive element to commercial success. There were at that moment one hundred and fifteen thousand heads of families affiliated with the institution. What would not a private corporation give for the "good will" of such a market? Surely they would grant their good will to the Wholesale enterprises, for would they not be theirs? Aside from that, there were another three hundred thousand Coöperators, not yet affiliated, but strongly sympathetic.

These were the chief arguments which persuaded the assembled delegates at that historic meeting to respond with a roaring "aye!" when the chairman put the question to the house: shall the Wholesale begin production on its own account?

Shortly after a piece of ground was bought at Crumpsall and a factory for the manufacture of biscuits, or crackers, as we call them, was built on it. In the following February the committee announced that the plant was in successful operation. In the following November a boot and shoe factory was established and a hundred men were set to work making boots and shoes exclusively for British Coöperators. And less than a year later coöperative soap was being delivered to the stores. But here the Wholesale

paused for a while. With these enterprises it experimented for some years, before it went ahead again.

Meanwhile, how were the Christian Socialists taking this decision against their theories?

Not quietly, by any means. Fighters to every fiber of them, convinced that they were right to the point of fanaticism, they took up the battle against what they considered a betrayal of fundamental coöperative principle and waged it to the death, through more than twenty long years.

Vansittart Neale had been present at the Wholesale quarterly meeting at which the famous resolution had been passed. So powerful was his influence that he succeeded then and there in having another resolution passed, by which the workers in the manufacturing plants of the Wholesale should " share in the profits."

At a later meeting E. O. Greening, another partisan of the self-governing workshop theory, moved for the appointment of a committee to report on " determining the relations between the Wholesale and its manufacturing establishments on a sound coöperative footing." This led to the proposal that each manufacturing establishment should be a separate enterprise; that while the Wholesale should finance it and have a voice in its control, the workers in each establishment were to control also and have half the " profits." This proposition was turned down.

Defeated in the quarterly meetings of the Wholesale, the Christian Socialists now turned to another quarter — the yearly congress. Here they might expect to exert more influence, for several reasons. Vansittart Neale was secretary of the Coöperative Union, which organized the congresses. And the delegates to the congress included representatives from a number of the self-governing workshop societies,

which were members of the Coöperative Union but, by their very nature, could not well be members of the Wholesale.

At the yearly congress held in 1873, at Newcastle, the Christian Socialists brought up the question of co-operative production and the form which the movement should adopt. And here their efforts resulted in a partial victory. The congress approved of the self-governing workshop but, naturally, did not quite declare that the Wholesale should turn over its manufacturing plants to the employees of those plants. It did, however, declare for the "participation of the workers in profits and management" of enterprises in which they were engaged.

To this extent, at least, the congresses were always on the side of the Christian Socialists, and even to this day, as a body which is supposed to formulate co-operative principle, the Coöperative Union has no very definite ideas as to what constitutes true principle in coöperative production. Its official textbook extols both, naïvely unconscious of the impression that must strike the student: that the two systems are mutually exclusive. For definite principles one must turn to the Wholesale, the true parliamentary body of the English coöperative movement.

The Wholesale, naturally, would take no instruction from any other body than the delegates to its own quarterly meetings. On the other hand, however, the committee of management did recognize the resolutions of the congress as a moral influence, putting them in a divided state of mind that was to prove almost disastrous to the whole institution.

As has already been stated, the Wholesale had taken up the functions of banking. It received deposits from the consumers' societies, from trades-unions and

other working-class organizations, and from a number of self-governing workshops. But in regard to the latter, the tendency was all the other way. Numbers of these began turning to the Wholesale for loans and, considering the attitude of the congress, the Wholesale officials felt that they could not refuse these appeals for financial assistance, especially in special instances where they were strongly recommended by such leaders as Vansittart Neale, Hughes, and others.

The first disaster came through the failure of the Ouseburn Company, a self-governing workshop society near Newcastle, engaged in the manufacture of steam engines. To save itself from impending bankruptcy, the chief official of this company had previously organized a "coöperative bank" in Newcastle, whose shares had been sold to both coöperative societies and individuals. This bank had also been supported by the Christian Socialists, who were strongly opposed to the banking system of the movement being in the hands of the Wholesale. It should be a separate institution, they contended, and here, at least, there was some soundness to their argument, for it is not altogether well that too much power should be given over to one group of officials. But in this case the alternative institution was not even a separate federation.

The Ouseburn Company failed, and the Wholesale lost in the neighborhood of forty thousand dollars. Then followed the bankruptcy of the Newcastle banking concern. Nearly all the coöperative societies in this region were involved, either as shareholders or as depositors. The result was that there was a heavy run on the Wholesale's banking department, where they had also placed deposits.

In such serious straits was the Wholesale that its chairman had to journey to London to arrange with

a London banking firm for the carrying over of a debit balance amounting to a quarter of a million dollars. Even after that the situation was so desperate that an appeal had to be made to some of the larger consumers' societies, and the Rochdale society, among others, responded loyally with substantial loans.

"This was in 1876–7," says Percy Redfern, in his "History of the C. W. S.," "and with two or three years more of trouble ahead it was fortunate for the stores' federation that its constitution, rules, and methods secured to it such great reserves of strength."

It was during this period, about the middle seventies, that the rapid development of manufacturing, both in Great Britain and abroad, brought to a climax the tremendous and growing demand for coal. Though mines were opened one after another and the mining industry expanded, the demand ever kept ahead of the supply. This condition had encouraged the organization of a great number of colliery societies, based on the self-governing workshop principle, these societies obtaining leases on coal lands and operating them coöperatively.

While the boom lasted these little enterprises made big profits for their members. Yet more continued to be organized and, under pressure from the Christian Socialists, the Wholesale bank extended loans here and there, becoming deeply involved. One of these colliery societies, the Bugle Horn, succeeded in squeezing nearly a quarter of a million dollars out of the Wholesale bank and a number of big local societies.

Finally the boom broke, as booms inevitably do. The little self-governing workshop societies, naturally, with their slender resources, were the first to go.

Dozens of them failed. The Wholesale, together with some of the big store societies, was heavily involved. On the Bugle Horn the Wholesale lost one hundred thousand dollars alone.

To the credit of the Christian Socialists it must be said that there were individuals among them who lost heavily; they had had the conviction of their theories. Nor did any of them ever reproach the managers of the Wholesale for the losses which were suffered by that institution.

But the Wholesale Society was forever done with the workshop societies. Barely, through its endeavors to give financial support to the experiments of visionaries, did it escape a disaster which must have delayed the progress of the whole movement for another generation. Henceforward it presented a firm and unbroken opposition to the attacks of the Christian Socialists.

As for these earnest, if mistaken, champions of the workingmen, even they seem to have been impressed by the failures. At any rate, we hear little more of self-governing workshops as such. They modified their theories considerably, in their propaganda, at least.

Instead, they took up the slogan of profit sharing, the "participation of the workers in industry." To them and their present-day successors such an establishment as the Ford automobile company and our United States Steel Corporation are on a more direct road toward the coöperative commonwealth than the Wholesale Society of Manchester, because these private corporations give a bonus on wages, a share in profits, to their employees. By this method, they believed, the workers would obtain an ever-increasing share in the control of the industries and, perhaps,

finally obtain full control, ousting the private capitalists.

As for the workshop societies, they survive only as a conception. They were extensively experimented in in this country twenty or thirty years ago, notably in Minneapolis, where the coopers formed independent groups to manufacture barrels for the flour mills. And even as a certain school of economists was pointing them out as the heralds of a new industrial order, the flour mills substituted sacks for barrels — and there were no more independent cooperage shops.

To us, living in an age of billion-dollar corporations, it is easier to see the fallacy of a manufacturing plant being capitalized and administered by the actual workers engaged within its four walls. The Christian Socialists clearly did not foresee the present centralization of industry into huge plants costing hundreds of millions of dollars, wherein single workers may be operating machines costing hundreds of thousands of dollars. They could not get away from the old conception of each worker owning the tools in his own hands, as he did in the handicrafts period. That *all* the workers together, as a mass, should combine, and own and control collectively *all* the machinery of production was a conception they would not face. It is on this latter principle that the modern coöperative movement has developed itself.

CHAPTER VI

COÖPERATION SPREADS ABROAD

It was essentially logical that coöperation should have its inception in Great Britain. A populous island, with many good harbors, Great Britain was by nature destined to be a great commercial and manufacturing center. There, consequently, the ingenuity of man was stimulated to the invention of steam-driven machinery. Thus here was enacted the first scene of the great industrial revolution. With the new system of industry came the attending evils of unemployment and poverty and all their resulting problems. There, then, the remedies for those evils would first be formulated. And coöperation is the essence of all those remedies.

With the institution of railroad transportation the new industrialism spread into other countries, thus creating there the same conditions which had created and developed coöperation in England.

We need not follow the spread of coöperation over the Continent too closely; in each country early experiences, countless experiments, and countless failures were very much the same as in Great Britain. Every national coöperative movement acknowledges its indebtedness to the Rochdale Society. Its simple system seemed adapted to all those many environments. Rochdale was undoubtedly the first perfect bloom whose seeds, on ripening, were wafted to all four corners of the civilized world. Wherever the soil was fertile and the conditions propitious, as they

were everywhere, sooner or later, there they germinated and developd into plants as perfect as the parent and usually true to type.

It is a curious fact, considering the tardy development of coöperation in this country, that the United States ranks as one of the first in following the example of the British workers in their attempts at cooperative experiment. In the very year that the little store in Toad Lane, in Rochdale, was opened to business, in 1844, a Boston tailor, John G. Kaulback, organized a somewhat similar enterprise which in the following year became a regular store, the first of a series which became quite a widespread movement in the New England states. But that we shall consider later, in a special chapter.

Nearly all the European countries seem to have witnessed attempted organizations of consumers during the fifties, following the social unrest created by the revolutionary disturbances of 1848, a fact which may deserve special notice at this time, when the atmosphere is charged with labor unrest and Bolshevism. Naturally, there are no detailed records. Who would be interested in the attempts of a few workingmen to cheapen the cost of living by pooling their little household purchasings? As in Great Britain, the movers themselves were unconscious of any social significance attached to their efforts, for their motives were purely utilitarian. Yet some of these organizations succeeded, grafted the Rochdale system on their enterprises when they heard of it, and survived to become great economic institutions of the present day.

The first widespread knowledge of Rochdale seems to have been acquired in Europe during the early sixties. During that decade the system was adopted in

practically all countries. By that time the by-laws of the Rochdale Society could be found in translation in all the languages of the Continent, and in some it was being spread broadcast to awaken a social consciousness among the people. The twenty-eight weavers, at least, had been fully conscious of a great ultimate aim, for in those by-laws there are suggestions of a wonderfully reconstructed society, as in "that as soon as possible this society shall proceed to arrange the powers of production, distribution, education, and government, etc." Everywhere this spirit was accepted with the method. Not even now has the name of Karl Marx acquired such universal significance among the masses of all lands as did the name of this grimy, English manufacturing town, the Mecca of coöperation, as a Belgian pilgrim termed it, on a visit to the famous store. It was, in fact, the gospel of Dr. King, who had preached it unheard. Now, in the early sixties, the people seemed prepared to listen.

The Swiss afford some of the earliest records on the Continent. In 1851 was founded the Zurich "Konsumverein," the first occasion on which this significant German word was used. This enterprise consisted of a bakery, which prospered, so that two years later a grocery store was opened with the collective capital created by the bakery. The society is still in existence, one of the biggest in Switzerland. In 1865 another society, on Rochdale principles, was founded in Basel; to-day its membership includes practically the whole city, which is one of those communities from which coöperation has almost entirely banished private trade.

In France the first consumers' societies of which there are any record appeared in 1866. But in spite of an early start, progress here was slow. Until quite

recently it remained one of the backward countries; for France was the original home of the self-governing workshop. Some hundreds of them were organized in Paris and its vicinity immediately after the revolution of 1848 and subsidized by the government with capital and work, or custom. Here, as in England, the upper classes became keenly interested in solving the troubles of the working people for them, and wherever that was the case natural evolution had a struggle with man-made theories and was often checked by them temporarily.

Denmark, which was to be the first to imitate the British in establishing a wholesale society, founded a genuine Rochdale store in Thisted, in 1867. Here consumers' societies appeared, not among the industrial workers in manufacturing centers, but in the rural communities, among the small peasants and agricultural workers.

Germany, like France and England, was troubled in the beginning with theorists. Chief of these was Schulze-Delitzsch, the so-called founder of coöperation in Germany. It was not so much his theories, however, which gave an initial character to German coöperation, as his natural conservatism. Ideals, in a higher sense, he had none; he was essentially a reformer, and anything that tended toward revolution he deprecated. More practical than the English or French theorists, he had less imagination, less vision. All forms of joint effort seemed good to him, but they must all remain within bounds. They must not encroach on middle-class privileges.

In the early fifties Schulze-Delitzsch began a vigorous propaganda for joint effort, and being a forceful writer, he made a wide impression and gained a large following among people of the middle classes.

The spontaneous workingmen's organizations which appeared during this period, seeking about for a social philosophy, were for a while guided by the writings of Schulze-Delitzsch, and so were delayed for a decade or more by an unnatural partnership with his middle-class organizations.

The chief result of this energetic leader's labors were credit unions; coöperative groups of small tradesmen who financed in this way just the shops the consumers' societies were opposed to. Almost every writer on coöperation has included them as legitimate members of the great coöperative family. To-day they are repudiated by the Socialists, but many cooperators are not so discriminating. Later these tradesmen's banks organized a great nation-wide cooperative union, supposed to include all forms of cooperative enterprise, the General Coöperative Union, within whose limits a number of consumers' societies still slumber. At one time this general union included all the consumers' societies in Germany, but in 1902 the Socialists among the latter awakened their less idealistic comrades, and the stores began to utter radical ideas. Whereupon, at a general congress, a resolution was passed expelling the radical consumers' groups. This high-handed procedure resulted in a general split; with the expelled consumers' societies went the great majority of all affiliated with the union, including the wholesale society which they had established in Hamburg. The latter then founded a union of their own, the Central Coöperative Union, corresponding to the British Coöperative Union, but by far more radical in tendency, being, as it was, itself the result of a revolution within the movement. Yet its attitude toward British coöperation may be judged from the following phrase in a recent historical sketch

of the German Wholesale Society; "das immer Herrlicher sich erfüllen möge der Traum der Weber von Rochdale."

In Italy consumers' societies were founded even before national unity had been attained, notably up in the northern provinces. By 1886 there were enough of them, based on the "sistema de Rochdale," to form a national union comprising 68 societies. By 1890 this number had dwindled to 24, but in 1893 there were 50; then, each year successively, the membership of this federation increased to 103, 131, 279, 398, until 1898, when they numbered 480. In that year there was a revolutionary disturbance in Milan, the center of the League, and many persons were arrested and imprisoned, among them the secretary of the League and many other coöperative leaders. All popular societies with a radical tendency were suppressed, among them many of the coöperative societies, so that in 1899 there were only 300 members in the League. By 1901 the number was greater than ever; 586, and ever since there has been a continuous increase, the number being 1,933 in 1910. During this period these societies had held no less than nineteen national conventions, or congresses. Incidentally, it may be mentioned that one of the most energetic figures in promoting coöperation in Italy has been that prominent statesman, one time Prime Minister of Italy, Luigi Luzzatti, whom we shall have occasion to mention again.

Considering the fact that Russia now stands as the leading coöperative nation, in the sense that all its radical and progressive political parties, with the exception of the Bolsheviki, who insist on a combination of state ownership and syndicalism, have officially committed themselves to its principles as the basis on which

the economic future of the nation is to rest, there is nothing out of the ordinary in the early history of the Russian movement to relate. Consumers' societies were organized before the earliest agitations of the Nihilists in the beginning of the sixties. The society in Riga, established in 1865, is supposed to have been the first. A society which was founded the following year, in Perm, is still prospering. In 1872 the English Wholesale was receiving regular orders for goods from a society in Kharkov, southern Russia, which thus exercised its right as a coöperative society to purchase from an institution limiting its sales entirely to such customers. Nevertheless, there was not much progress in Russia during the following years. The government placed every possible obstacle in the way of their development, short of actual suppression. So many were the formalities which had to be observed in obtaining legal status that it must have been a very determined group of consumers which persisted to the point of attaining it. It was not until after the revolutionary disturbances of 1905, when all other radical movements had been so severely suppressed, that consumers' societies made much headway. By that time, too, the government showed less opposition, perhaps going on the theory that if the social unrest were diverted into these economic channels the people would have less time or energy for more violent manifestations of the revolutionary spirit.

In some countries, peculiarly enough, where conditions would have seemed to have warranted an early movement, there was practically no coöperative activity until within the past few years. Finland, now covered with a network of coöperative organizations, with one of the most prosperous wholesale societies, showed

not a sign before the beginning of the century. In spite of the fact that Denmark made such an early beginning, Sweden and Norway showed no interest in coöperation until well after the beginning of the century, the Swedish wholesale society being founded in 1904 and the Norwegian in 1907.

At the present time the only countries in Europe where Consumers' Coöperation is not firmly established are Turkey, Greece, Montenegro, Serbia, Rumania, and Portugal. On the other hand, quite a movement has been established in Japan, and some few societies are heard from in Australia and in South Africa.

The test of a really established movement, undoubtedly, is the existence of a federation. A wholesale society, once founded on a democratic, representative basis, never fails. The following list of national wholesale societies, placed in the order of their appearance, will give some indication of the path cooperative development has taken in its international course.

Manchester, England	1864
Glasgow, Scotland	1868
Copenhagen, Denmark	1884
Rotterdam, Holland	1890
Basel, Switzerland	1892
Hamburg, Germany	1894
Budapest, Hungary	1899
Antwerp, Belgium	1899
Paris, France	1900
Moscow, Russia	1901
Stockholm, Sweden	1904
Helsingfors, Finland	1905
Vienna, Austria	1905
Christiania, Norway	1907

CHAPTER VII

THE INTERNATIONAL

It is only a little over twenty-five years since the Cooperative Movement assumed an international aspect in its organization, nor can it be said that this phase of its development has as yet progressed very far, in a material sense, at least. Nevertheless, it is through this central body, the International Coöperative Alliance, that the general spirit of the movement, as a world force, may best be studied. What are the principles and the social aims to which all the national movements agree in common? This only the International can tell us.

We already know the physical structure of the units composing the movement: the local-store societies, or distributing centers; their business federations, commonly called wholesale societies, through which the local societies have extended their control of distribution to the furthermost point and, in some cases, have established original sources of supply of their own; and, finally, the educational, or propaganda, federations, through which principles and modes of practice are formulated and agitation is carried on for the extension of the movement.

There is nothing in a great economic movement, such as the coöperative societies, to confine it to national boundaries. One of the essential features of the movement as a whole is the community of interest, not only between the individuals, or between the local societies, but between the organizations in the

various countries. Each society, however local, seeks nothing which is not also desired by every other society, at home and abroad.

This community of interest, naturally, made itself manifest first within the boundaries of each nationality, on account of common languages and proximity. But finally these lines were also crossed, and representatives of the various national organizations came together to see wherein they could unite their strength and activity for whatever purposes they might have in common.

The progress of this tendency has been outlined in a most masterly manner by Dr. Hans Müller in his "Historical Development of the International Cooperative Movement," published in the First Yearbook of the International Coöperative Alliance, in 1910. To this article I am indebted for practically all the facts contained in this chapter.

The credit for the first initiative toward establishing international relations between Coöperators belongs to a Frenchman, E. de Boyve, the leading spirit of a pioneer group in Nîmes, which also founded the cooperative union of the French societies, in 1885. But already before that he had made the acquaintance of Vansittart Neale, through the correspondence he opened up with the British Coöperative Union, in his effort to secure information regarding the fundamental principles and the methods practiced by the British societies. When he called the conference of the French societies in Paris, which led to the organization of the French federation, the British Coöperative Union was invited to send fraternal delegates, and Neale was one of these. In return the British invited the French to send delegates to their national congress the following year, and De Boyve ap-

peared. It was on this occasion that he delivered a speech, in English, proposing an international federation, an International Coöperative Union, which should act as a center of propaganda for the whole of Europe, or the whole world. In fact, it should "correspond with all the coöperative centers in Europe, Australia, and America, to induce them to adopt the high principles of coöperation by intervening in all conflicts between Capital and Labor." Apparently it should also be a sort of an international board of arbitration in labor disputes.

As representative of the spirit possessing the leaders of that time, it is worth while quoting a few of the speeches made on this occasion.

"Do you not hear the cries of hatred breathed forth," said De Boyve, "in all parts of the world against their employers by certain employees, sometimes, alas, excited by agitators whose only impulse is hatred, whose only aim is the destruction of all that existed, in the hope that something may spring out of the ruins . . . Folly on the one side, selfishness on the other. Can we behold with indifference our brother workmen carried away by the sway of passion without telling them that the means they use are keeping them from the end they desire to reach, while pacific means would lead them to it? On the other hand, is it not our duty to induce the employers to enter as much as possible on the path of concession and give their workingmen an equitable share in their profits?"

In the course of a speech made in reply, one of the British leaders said:

"Years ago we heard something of the 'International,' which alarmed certain people, and we desired to lay the foundation of a wiser and more peaceful in-

ternational, which would not indulge in folly and selfishness."

Certainly the Christian Socialists of that period must not be confused with the Socialists of Karl Marx. As we shall presently see, their whole attitude was one of compromise with existing conditions, in spite of the vigor with which they attacked the evils of capitalism.

For the next few years the proposal to unite the cooperative movements of the various countries was the subject of discussion at the national congresses of Great Britain, France, and England. The Schulze-Delitzsch societies in Germany refused to consider the matter, preferring to wait until a beginning had been made and its character assured.

The British societies, however, were the only ones in a position to give financial support to this important project, and they, through the Coöperative Union, seemed strongly disposed to do so. It was, as a matter of fact, the Christian Socialists themselves, with Neale at their head, who discouraged immediate action.

This was their reason:

As will be remembered, they stood for a definite theory in coöperative production. The Wholesale Society had refused to accept this theory. Turning to the Coöperative Union, they had there been more warmly received; the yearly congress had expressed a rather mild approval of their theories. But there had been no concrete result. The Wholesale was even then, in the middle eighties, planning further productive enterprises, based on the ownership and control by the consumers. Once for all they must check this tendency; the British coöperative movement, from top to bottom, must be pledged to their theory, defi-

nitely, before the International was organized. For their idea must be embodied in the International, and for many years to come the British movement would have moral control of the International.

So they again endeavored to have a resolution passed at a coöperative congress which should plainly instruct the Wholesale to change its plans for the future. Hughes presented the resolution to this effect at the congress, held in Dewsbury, in 1888, and the Christian Socialists backed it with all their forces.

But by this time the advocates of the consumers' system of production had begun to evolve a moral justification for their system; that the social body, represented by the people as consumers, had the right to exercise absolute control over the productive plants which supplied them their own needs; that the workers in these plants were really in the service of the social body of which they were themselves also members and, as such, had as much control over working conditions as they were entitled to. They were beginning to sense the philosophy of the greater collectivism: the collectivism of the people as a whole, represented by the consumers' coöperative society, with its membership open to all the world, on an equal basis, as against the narrower collectivism, represented by the small, exclusive group of workers.

For two days a furious debate was carried on over Hughes' resolution, and at one time a split seemed unavoidable. Finally, however, a compromise resolution was offered and passed, "suggesting" and "advising" that the Christian Socialist theories be practiced where possible, but so vaguely were these theories themselves defined that local societies were invited to fill in details.

The total result was nothing more than a defeat for

the Christian Socialists in their own stronghold, so glossed over as to save them from humiliation.

As undaunted as ever, Neale and his associates now began planning new tactics.

Their plan now was nothing less than to organize an International in which the British Coöperative Union should have no part, no influence; develop it, however slowly, dedicate it to their ideas, then use it as a club with which to beat the British movement into line, a moral force which should compel the Wholesale to turn its manufacturing plants over to the employees, in part, at least.

"Our international alliance makes little progress and leads to nothing," Neale wrote to De Boyve, in 1892, after having resigned as general secretary of the Coöperative Union, "and it cannot be otherwise so long as it more or less depends on the English Wholesale, out of which I can get nothing and which continues to oppose the adoption of the principle of labor's participation in the profits. Having, therefore, nothing to set against the revolutionary Utopias, we cannot effectively combat them. It is, therefore, imperative that we should make our international cooperative alliance completely independent."

Thus shortly afterward a meeting of individuals favoring this plan was held in Rochdale, and a manifesto was issued, again enunciating the principle of the self-governing workshop.

"At the same time," added the manifesto, "it is clear that the spread of a disposition among the present employers to introduce into their establishments the system of the participation of the workers in profits would tend to the growth of this happier system with a rapidity for which it would be hopeless to look for in any alliance of workmen's productive societies stand-

ing alone, however successful their progress. . . . For this reason we propose that the alliance, of which we invite the formation, shall not be confined to coöperative societies and organizations and their members, but shall include all firms or companies which accept the principle of the participation of the workers in profit as part of their constitution or systematic practice. . . ."

Thus, partially, at least, and perhaps not quite consciously, they admitted the failure of their productive societies. Now they called to the leaders of capitalist industry to support them.

A large number of individuals responded, among them a few representatives of private enterprise. It is notable that among them was Tom Mann, later so prominently identified with the Syndicalist movement in Great Britain.

Later in the year a more general meeting was held in London, two representatives of the French productive societies being present. Here they formulated a general program for the proposed international alliance in which, as Dr. Müller points out, the word "cooperation" did not appear once.

"In the eyes of these men," adds Dr. Müller, "a capitalist enterprise which gave its workers a share in the profits stood coöperatively higher than the cooperative factories of the English Wholesale Society. The latter was a horror to them; the former the lofty object of their admiration."

At about this time Vansittart Neale died, and the leadership of this movement fell to Henry Wolff, an Englishman who had lived for many years in Germany and was interested in agricultural coöperation and the Schulze-Delitzsch banks, but who understood nothing of the consumers' movement. Neale, Holyoake, and

a few others had insisted that profit sharing should be the mark of approval for entrance into the alliance. Wolff, with his knowledge of German organizations, realized that this meant the exclusion of everything in that country. From this point of view even the program of the Christian Socialists seemed absurdly narrow. His influence led to the door being opened to any person or organization calling himself or itself "coöperative." Furthermore, the Coöperative Union was now invited to send delegates to the meetings.

But the Coöperative Union, naturally, refused to participate with a committee of private persons in organizing a federation in which their delegates might be outvoted by the managers of a gas company or any other private enterprise which chose to call their Christmas presents to their employees "profit sharing." For a while the organizers tried to go on without the Union.

But this attitude on the part of the organized consumers of Great Britain had its influence on the Continent. Individuals in plenty came forward, eager to join what promised to be a lively debating society, but the coöperative societies showed no such inclination.

Finally the conditions of the Coöperative Union were agreed to. These were that the Union's delegates should constitute the sole representatives of the British coöperative movement in the federation. The Union also demanded equal participation in the preparations for convening the first congress.

On August 19, 1895, the first congress of the International Coöperative Alliance was convened in London, under the chairmanship of Earl Grey, later Governor-General of Canada and until his recent death honorary president of the Alliance.

The official participation and support of the British

Coöperative Union had not been without result, for French, Italian, Belgian, Dutch, Swiss, and Danish societies sent delegates. The German societies still held aloof. But there was a rather conspicuous absence of consumers' societies. Among the numerous private individuals present was the Irishman whose name has since become so prominently connected with Irish reform, especially in agriculture, Mr. (now Sir) Horace Plunkett. Luzzatti, the Italian statesman, was also present and was elected a member of the permanent committee.

During the first two days of the gathering the proceedings ran smoothly enough, but on the third day came the business of passing resolutions on fundamental principles which should serve as a guide in drafting a constitution.

Already four resolutions had been passed favoring profit sharing. And now the old irreconcilable element, with Holyoake at their head, demanded that it be made a condition of membership. Immediately the meeting burst forth into wild debate. For a moment collapse seemed unavoidable. But here some of Holyoake's own associates, less fanatical than himself, realizing that without the moral support of the Union and, finally, the financial support of the Wholesale, there would be no international federation, went against him, and he lost his point. Neither profit sharing nor any other device was made a condition of membership.

Far better would it have been if this issue had been fought out to the bitter end and a split had been the result. In a spirit of compromise no principles at all were laid down and any person or organization might join, to retard the progress of the movement by internal dissension for another ten years to come, cloud-

ing an intelligent understanding of the true basis of the genuine coöperative movement. To this day Holyoake, then the chief and the most persistent of this group of muddled reformers, is still regarded as the historian and the greatest authority on coöperation, which, in fact, he never understood. His writings, recommended to students of the subject, can have no other result but to misguide and to confuse.

"On this cardinal point of coöperative doctrine," comments Dr. Müller, in summing up the results of this first congress, "the schism remained permanently defined; in fact, through the International Alliance it became a problem for the whole coöperative movement. It lay in the nature of the matter that it could not long march under one banner which, as Holyoake aptly remarked, bore on either side a different device. If the standard set up in London were regarded from the left, one read 'coöperation'; if from the right, the word 'profit sharing' was visible."

This was, unfortunately, true. The International Coöperative Alliance, born amid the mental chaos of its organizers, must now devote its energy to straightening its own crooked back. Had it been able to start clear, with a well-defined program, a clear understanding of the principles and aims of coöperation, it might have turned its forces toward spreading and deepening the international movement. On the other hand, it may also be said that the struggle which followed made all the clearer the principles which have since been enunciated; that they stand forth as the result of the experience of the movement, rather than as the formulated theories of any man, or set of men. In fact, it may be said that what now may be defined as

true coöperative practice and theory has been accepted by Coöperators in spite of themselves.

The International Coöperative Alliance was begun under the auspices of conservative reformers. To-day it stands forth as intrinsically the most revolutionary organization in the world. How this transition was gradually accomplished will be shown in the next chapter.

CHAPTER VIII

EVOLUTION OF THE INTERNATIONAL COÖPERATIVE ALLIANCE

As before remarked, the history of the International Coöperative Alliance is simply a record of a virile, rapidly developing movement gradually disentangling itself from a maze of false doctrines, in which its founders had attempted to enshroud it. Had they been able they would have fastened an orthodoxy on the organization as tyrannical as that of any church.

The next few congresses following the first need not be described in detail; there is a similarity between them in their very madness. The Owenites at their very wildest moments never proposed schemes more absurd than were those seriously considered at the first few international congresses and some of which had already been adopted by national conferences. As an illustration: at the second congress of the Alliance, held in Paris, in 1896, two of the most prominent leaders of the French movement endeavored to have engrafted in the constitution a formula by which the profits of all coöperative enterprises must be divided, rather resembling a recipe for some chemical concoction. Thus, the net profits were to be divided equally in five parts: one part should go to talent, one to capital, one to labor, one to insurance, and one to a reserve fund.

At this gathering another element made its first ap-

pearance: the agricultural selling societies, the chief exponent of which is to-day Sir Horace Plunkett. Wolff, who represented this element then, read a paper before the congress on agricultural societies in which he made it plain that he considered the consumers' societies the logical market for the products of the agricultural societies; that it was the duty of the former to patronize the latter, as it had been their duty to patronize the self-governing workshops.

Little need be said about the rules, or constitution, which were adopted at this second congress; they were not made binding. No set of rules could have been framed which could have been accepted as binding by so heterogeneous a collection of elements.

An imposing central committee was elected at this Paris congress, on which was represented practically every country of the world, including the United States. The American representative was probably typical of a good many others; he was [1] N. O. Nelson, a private manufacturer of the Middle West who had instituted profit sharing among his employees, but who was not then, nor has he been since, connected with any democratic, spontaneous coöperative society.

In the following year, 1897, the third international congress was held at Delft, Holland. It was practically a repetition of the Paris congress; the academic and often irrelevant speeches made here were most of

[1] In reading over the proofs it strikes me that the above reference to Mr. N. O. Nelson does him an injustice. He has devoted a large part of his life and all of his personal fortune to propagating the Coöperative idea in this country. Some years ago he established, at his own expense, a chain of stores in and around New Orleans, about which he hoped to develop a cooperative membership. Upton Sinclair says that this enterprise ruined him financially. It was magnificent idealism — but not coöperation. To coöperate one must work together with his fellows. A. S.

them uttered by private individuals who represented nothing but their own opinions.

Then came a period of three years in which no congress was held; the fourth congress convened in Paris, in 1900.

But during this interval important developments were taking place in the coöperative world. The English Wholesale Society had invited the German Wholesale Society to send a delegation over to Manchester to inspect its plants. The Germans came — and were astounded. Then came similar visiting delegations from Denmark, Austria, Belgium, and other countries. In 1900 Dr. Hans Müller was sent by the Swiss Cooperative Union on a six weeks' tour of inspection of the British coöperative movement, with the result that he became an ardent champion of the consumers and was one of the first to help deduce the working theories on which the modern movement is based. During this period, also, the two British wholesale societies, the English and the Scottish, together with the German Wholesale, became members of the Alliance. The Swiss Union also joined in a body.

Meanwhile a radical change had taken place in the attitude of the political Socialists toward coöperation. Lasalle had predicted that the coöperative societies would never acquire any social significance. But he was now being contradicted by actual facts. The tremendous growth and financial strength of the English Wholesale Society, calmly reporting losses or gains of millions of pounds sterling in its quarterly balance sheets, impressed the Socialists. They became interested. Nor was this first interest quite a brotherly, or a sympathetic, interest, perhaps. They would like to annex those fat surpluses. Or, if they could not

be expropriated, they would like to acquire such surpluses through similar means. Thus they discovered an affinity between political Socialism and coöperation to which, fortunately, the Coöperators were blind.

But this selfish stage passed; has passed, now. Individual Socialists began entering the movement, but if their motives may not have been purely for coöperation in the beginning, they eventually became so. Most of them began to realize that here was the real economic revolution of which their leaders talked so much.

Thus there were two distinct consumers' movements in France during the latter part of the nineties; one represented by the pure and simple Coöperators, interested either for material benefits or because they believed coöperation alone would achieve a solution of the social problems; and the Socialist consumers' societies, whose members either thought this a good method by which money could be raised for the treasury of the political party, or who believed political action not sufficient in itself. Both elements joined the Alliance. Thus the original founders of the organization, who had denounced the "revolutionary" Marxians, were now obliged to receive them within the fold and consort with them. And they continued coming in, in ever greater numbers, doing their share toward the evolutionary changes which were taking place within, never hesitating to make themselves and their theories of the "class struggle" heard. It was in their contact with this Socialist element that the consumers began acquiring a social consciousness of their own.

Not least important was the publication of Beatrice Potter's (Mrs. Sidney Webb) widely read "Co-

operative Movement in Great Britain," wherein she literally tore to shreds the theories of Neale, Hughes, and Holyoake.

All these influences together began making themselves felt in the congress of 1900.

There it was that J. C. Gray, Neale's successor as general secretary of the Coöperative Union, presented a motion for the abolition of individual membership, except in the case of such countries as had not yet developed a democratic coöperative movement. Holyoake fought this move, for by making the Alliance a representative body such as he would be little heard. He realized that once the organization was put on a representative basis, profit sharing, which had been hitherto championed almost exclusively by gentlemen of the upper classes, and not by delegates of organizations, would be relegated to oblivion.

Gray's motion was carried and the Alliance became at least a representative body, if not entirely representative of coöperation. And, as Holyoake rightly feared, no more was ever heard of profit sharing at the International Alliance congresses.

The fifth congress, in 1902, was held in Manchester, and this was another significant event. Here every delegate from abroad might see with his own eyes what the consumers' organization had accomplished. By this time some of the English Wholesale's plants ranked as the biggest of their kind in the kingdom, even in the whole world. After this congress began appearing a great number of pamphlets, written by Cooperators of Continental countries, in which the wonders of the Wholesale Society were described and praised. Not the least enthusiastic were the one issued by the Socialist-Coöperative delegate from Belgium, Victor Serwy, and the book published by Hein-

rich Kauffman, director of the German Wholesale. All this was strong propaganda material, good advertising, from the consumers' point of view. Facts, and not theories, it must be pointed out, were presented. People were impressed by the concrete results of the consumers' activities, as against the mere reams of printed matter, the results of the activities of the theorists. As yet there was no conscious revolutionary spirit, no realization that the old order must go to give place to the new. That spark was soon to be ignited, but the full flame has only just lately been burning.

As a result of the democratization of the rules the Alliance saw its one hundred and twenty individual members reduced to ten. But on the other hand one hundred and twenty new organizations joined.

The sixth congress was convened at Budapest, in 1904, and in spite of the distance from the coöperative centers in western Europe, the attendance was the largest which had yet been attained. Great Britain, France, Germany, and Italy were as well represented as ever, while Switzerland, Denmark, Holland, Belgium, Austria, and even the Balkan states sent strong contingents. Altogether there were about two hundred and fifty delegates representing actual organizations in fourteen countries, though the majority of these were from the Hungarian societies. For the first time the congress of the Alliance had taken on a really international and representative character. The assembly did represent what was then considered the coöperative movement of the world.

There was nothing on the congress agenda of a controversial nature, nothing seemed to indicate anything but a harmonious series of sessions in which, for the first time, principles of a constructive charac-

ter might be enunciated, if not adopted. Nevertheless, it must be remembered that in spite of the large influx of consumers' societies there were still many conflicting elements in the membership. There were the Schulze-Delitzsch banking societies and the Reiffeisen credit unions of Germany and Austria, the productive societies of England and France, and the numerous agricultural sales societies from all over Europe.

The cause of the explosion which was nearly to disrupt the Alliance was Dr. Hans Müller, who was then secretary of the Swiss Union of Distributive Societies. He was scheduled to read a paper on "The Organization of Distributive Societies in Rural and Semi-rural Districts." After describing the consumers' coöperative stores in the villages and small towns of Switzerland, he began to make a few extemporaneous elaborations of his point of view, wherein he gave his idea of a comprehensive and consistent policy for the development of the movement. He emphasized the necessity of arousing a consciousness of solidarity among the working classes as consumers and of impressing them with a realization that the object of coöperation was something more than the cheapening of the cost of living: that it was the elimination altogether of private profit, that its mission was to do away with economic tribute, which pressed so heavily on the mass of the population under the present system. "Finally," he concluded, "coöperation is an economic and social movement for liberty which, by means of the organized building up of a new order of the economic and social conditions on which our existence depends, aims at obtaining, both for the individual and the people at large, a greater amount of independence. Therefore, whoever sincerely desires to promote the coöperative movement in any respect whatever must never forget to

banish the old state of dependency and to be most careful never to replace it by any similar institution."

Surely no Socialist agitator, which Dr. Müller certainly was not, ever uttered words more fundamentally revolutionary than the calm, carefully thought out statement of this program.

Naturally, the Socialists present were in high glee, and started the applause. There came a pause, as though the majority of the assemblage were thinking over the words of the speaker. And then, finally, the inevitable opposition flamed forth.

Dr. H. Crüger, representing the German Union of Schulze-Delitzsch societies, sprang to his feet and said — just what might have been expected of him.

"I must beg to be allowed to state," he cried, "on behalf of the distributive societies of the General Cooperative Union in Germany, with which I am connected, that they do not by any means subscribe to the principles set up that the task and object of coöperation is to organize consumers wholesale in avowed opposition to what is called the capitalist trading system now established. . . . We do not look upon the distributive societies as a means of replacing the existing order of things. . . . Coöperation has a large number of opponents arrayed against it as it is, and we can hardly hold it to be expedient gratuitously still more to increase the number of its foes by the adoption of so visionary a program as in my opinion is that suggested. . . . Our desire is that coöperation should take its proper place in national trade."

These remarks were quickly supported by the delegate from the German Reiffeisen credit unions. The middle classes must be maintained, he said.

"And accordingly," he added, "we avoid carrying coöperative practices to extreme lengths by discourag-

ing the formation of societies which must almost necessarily prejudice the interests of the middle class and possibly extinguish it altogether, at any rate, until we are compelled to do so by necessity. Thus we only act in the true spirit of Reiffeisen coöperation, for in our organization we stand committed to the exercise of public spirit in the sense of Christian love of our neighbors."

Then came the turn of those who supported Dr. Müller: Mrs. Steinbach, representing the Hamburg organization, Helies, representing French consumers' societies, and, finally, most significant of all, J. C. Gray, general secretary of the British Coöperative Union, who declared there must be no limit set to the expansion of consumers' coöperation, whatever the result might be to existing trade interests.

In replying to his critics, Dr. Müller again elaborated his theme, pointing out that Consumers' Cooperation was diametrically opposed to private-trading enterprises; that it was by nature anti-capitalistic. This was, indeed, the point he emphasized; that cooperation was essentially revolutionary, whose aim was the destruction of the present industrial system, not by violence, but by a general replacement with cooperative enterprise.

As Dr. Crüger later wrote in the official organ of his organization, the debate closed with a " victory for the advocates of coöperative Socialism."

This time there was a split in the Alliance. The great majority of the agricultural societies withdrew, though they had also the reason that a resolution was passed by the assemblage deprecating state aid in cooperative enterprise, which they, like all farmers' organizations, sought assiduously. Three years later they formed an international alliance of their own.

The German Schulze-Delitzsch societies, naturally, also withdrew. All the conservative elements, in fact, hurried to get out of such revolutionary company.

At first it seemed that the split was to have serious results; the Schulze-Delitzsch societies alone, in Austria and Germany, numbered twenty-three.

But the gap which these secessions made was more than filled by the new societies which came in, most of them consumers' organizations which had held aloof on account of the conservative character of the Alliance. As compared to the two hundred and fifty delegates at Budapest, there were nearly four hundred at the next congress, held in Cremona, three years later. To show the large influx of Socialist-Coöperators which had taken place, it is worth mentioning that at this congress, in 1907, there was a decided effort made to pass a resolution declaring for the "class struggle," etc., but this was decidedly defeated. The Alliance was not going to have its revolutionary character fixed for it by any school of theorists.

Luzzatti was in the chair at the time this effort was made.

"If you wish your societies to enter our Alliance," he said to one of the Socialists, "we will throw the doors wide open to receive you, but if you wish to compel us to abandon our principles and pay a frightened homage to yours, you would despise us and we would despise ourselves for so doing. . . . Hitherto your masters; the Socialists, have fought coöperation. What contempt the leaders of Socialism displayed for coöperation! Our leaders withstood the attack, declaring that they were convinced that coöperation supplied a practical formula for the solution of the social question and the questions affecting the working classes. To-day Socialism has made peace with co-

operation, and it is lending to it the impulse of youthful energies of which I am in no wise afraid."

It was at this same meeting that Dr. Müller offered a resolution suggesting that an International Wholesale Society be formed. Those who were present say Luzzatti paused, his eyes lighted up; then, dramatically raising his hand, he said:

"Dr. Müller proposes to the assembly a great idea; that of opposing to the great trusts, the Rockefellers of the world, a world-wide coöperative alliance which shall become so powerful as to crush the trusts."

This end, voiced by one of the conservative leaders of the international coöperative movement, could surely not be stated in more definite terms. No less significant and definite were the words with which Earl Grey who, it will be remembered, opened the first congress, in London, opened the ninth congress of the Alliance, in Glasgow, in August, 1913:

"And now we meet in our ninth congress, fortified and encouraged by our past experience and conscious that it is in our power, if we are only sufficiently in earnest, to secure the triumphant realization of a future international coöperative commonwealth which we believe will one day be coequal and coextensive with the whole civilized world. The remarkable growth of the coöperative movement in Germany, Great Britain, Denmark, Finland, Ireland, and elsewhere, since the day when we laid the foundation stone of this great alliance, justifies our confident expectation that the day of a new social order is at hand."

Such was the spirit which animated the movement before the recent great war. What has happened in the movement since then, in a material sense, has had a tremendous influence in strengthening that spirit, not only among leaders, but throughout the rank and file.

CHAPTER IX

GROWTH

THE real advance of the coöperative movement began in the sixties, with the federation of the local societies into the English Wholesale Society. What had occurred before then, though very important, was really nothing more than the mobilization of sufficient forces to make a forward move. There were then probably less than a hundred thousand local society members throughout all of Great Britain, of which less than a fifth were willing or able to support the new enterprise.

We have already described the circumstances under which the Wholesale began manufacturing, in the early seventies: first biscuits; then, some months later, boots and shoes. Both these ventures were fairly successful. But coöperative production did not thenceforward leap ahead with bounds. The agitation of the Christian Socialists undoubtedly had something to do with this slow development, in that it undermined the faith of even some of the Wholesale officials in this system of production. But there were other reasons as well.

Each step had to be carefully considered, for the movement was pioneering over uncharted regions. Outwardly a coöperative industry may present much the same features as any private enterprise, but this similarity goes no further.

As the management committee was soon to learn, it could not simply hire men who had been trained in

private business and set them to work on a salary. In the first place, the grade of ability required would have demanded larger remuneration than the movement could then afford to pay; no ordinary business man would pilot a big enterprise through its initial difficulties with no prospects of big reward. At least, experience does not show that it can be done. A cooperative enterprise has many difficulties to face in the beginning, but they are of a different character from those which the private business has to encounter. I believe it was Heinrich Kaufmann, director of the German Wholesale Society, who said that the only training of any value to coöperative industry is that which has been acquired in coöperative industry. At any rate, one has only to look through the biographical index in back of the "History of the C. W. S.," by Mr. Redfern, a sort of a "Who's Who" of the English movement, to realize that English coöperation has trained its own executive talent. On the other hand, these men seem likewise unfitted for competitive business. The directing heads of the coöperative enterprises seem never to be tempted to go into business for themselves, or to accept employment under private masters. Certainly it is not their remuneration which holds them loyal to the movement; William Maxwell, for over twenty-five years president of the Scottish Wholesale, never drew a salary over thirty-eight dollars a week, and twenty-five dollars a week is a pretty high average for the managers of the bigger local enterprises, some of which do a yearly business of many millions. Executive talent of this magnitude draws its ten and fifteen thousand dollars a year in private business. But these men seem never to feel the temptation. There is, undoubtedly, a stimulus to public, or social, service of this sort not unlike the stimulus

of the stage, which easily takes the place of greed for profit. And finally, it would be doubtful whether a coöperative executive would be of much use in the private business world. Advertising and salesmanship would be unknown arts to him. Perhaps it is as Mrs. Webb has suggested: that the high salaries in private business are not so much earned by pure executive ability and good judgment as by "smartness," the ability to steal a march on a rival or to gauge the margin of profit a certain market will stand.

Thus the progress of coöperative manufacturing in the beginning was limited by the supply of experienced men to direct. John T. W. Mitchell, chairman of the management committee from 1874 until 1895, a Rochdale flannel weaver originally, was one of the first. Big, bluff, direct, not by any means an orator, not what one would call a popular leader, he certainly developed rare executive ability and business judgment. His successor, John Shillito, rose from a simple hand in a carpet factory and showed an equal capacity for guiding the wheels of million-dollar plants. William Maxwell, already referred to, was at first a coach builder and rose to the head of the Scottish Wholesale through his local-management committee. Thus these captains of coöperative industry rose silently from the rank and file and made good. So it was, too, with the lesser heads; factory superintendents, shipping managers, chief clerks, etc. In the early years coöperative enterprise was largely a training school for such men, and the actual enterprises could not grow any faster than the capacity of the men in charge. Indeed, things did not always run smoothly; the losses were heavy in those days, and experience had to be paid for, in hard cash, as the training of good gunners entails heavy bills for ammunition.

The English Wholesale had begun manufacturing biscuits for the very practical reason that the demand justified it. The Scottish Wholesale, founded in 1868, did not begin manufacturing till 1881, and then, to the credit of the Scotch be it said, it was sentiment, rather than plain business, which decided with which commodity a beginning should be made. Shirt making was then one of the worst trades for sweating, and the Scottish delegates, reluctant to handle such goods, discussed the possibility of improving labor conditions by establishing a model shirt factory under union conditions. Business sense and sentiment came to an agreement, and presently Scottish Coöperators were able to wear shirts made in a factory where the workers got a living wage and worked only forty-eight hours a week.

Save for a very small beginning in manufacturing soap, made in 1874, the English Wholesale initiated no notable ventures in production during the rest of the decade. The next striking achievement was to be accomplished by the Scotch.

In 1885 the delegates to the quarterly meeting of the Scottish Wholesale were presented by their management committee with a scheme which fairly took their breath away: that the society should acquire about fifteen acres of land in the outskirts of the city of Glasgow, where land was comparatively cheap, and there build an industrial center, comprising not only factories of all descriptions, but dwellings for the workers, schools for their children, gardens, etc. The cost was estimated at about four hundred thousand dollars, though eventually much more than that was spent before a beginning was made.

To the coöperative world this must have seemed a Utopian vision, and yet the " canny " Scotchmen listen-

ing to this proposal did not vote it down. Says William Maxwell, in his "History of Coöperation in Scotland," "I think I hear to-day the warning of some old veterans who, when they had heard all the suggestions, simply said: 'Ca' canny, ma man; it's no yer ain siller ye're spendin'.'"

Eventually twelve acres were acquired at Shieldhall, at fifteen hundred dollars an acre, and there was founded the main productive center of the movement in Scotland.

"Factory followed factory," says Mr. Maxwell; "each new building was fitted with modern machinery. . . . Some idea of the rapidity of the development may be gathered from the following statement: boots and shoes, tanning and currying, artisans' clothing, cabinetmaking and preserving, begun in 1890; confectionery, mantles, tobacco, in 1891; coffee essence, printing, chemicals, engineering, in 1892; sausages, tinware, pickles, and boots and shoes, in 1893."

By this time, of course, the English had also added many new enterprises to their initial efforts. But before enumerating these, it may be of interest to note how the English Wholesale solved certain problems of transportation.

In the effort to reach out toward original sources of supply and to eliminate big middlemen's profits, the Society had been establishing purchasing agencies in various foreign countries: in New York, for the purchase of American agricultural produce, such as cheese, grain; in Denmark, for the purchase of butter, bacon, and eggs; in Greece, for the purchase of dried fruits, etc. These agencies gradually developed a large volume of trade and made big shipments at a time to Manchester, so big that it soon became necessary to charter vessels. The next step was to acquire owner-

ship, and in 1876 the steamship *Plover* was purchased as the first of the C. W. S. fleet.

But — the Wholesale carried freight only one way; it had nothing to export. Empty holds on the return passages would mean heavy losses. Here it was found necessary to make one of the very few departures from what has been a persistent and continuous practice with all wholesale societies — never to deal with private trade. Thus, when outward bound, the *Plover* took general cargo, engaging in a general freight business.

This brought the C. W. S. into open competition with private transportation companies.

In 1883 the Wholesale put a steamship into the trade between England and Hamburg, on account of its own increasing shipments from Germany, and also because the private companies were needlessly raising freight rates. Immediately the private transportation companies began cutting outward freight rates against the C. W. S.

The Wholesale accepted the challenge, at once bought another steamer for forty thousand dollars, and entered into the rate war. The steamship companies had assumed a very dictatorial tone in their correspondence with the Wholesale, and this had roused something like a class feeling on the part of the delegates to the quarterly meeting who approved the decision to fight.

"A certain big company commands us not to bring yeast from Hamburg to Hull on Tuesdays," reported the committee.

"We'll show these plutocrats we can fight them with their own weapons," was the general tenor of the discussion.

The struggle between the private companies and

the Wholesale continued until 1885, the loss to the latter sometimes amounting to five thousand dollars a quarter. But the delegates accepted these losses cheerfully; they playfully referred to the shipping department as the "picturesque department."

Then, finally, there came an offer from the private companies to compromise; the agent of the railroad company came as mediator. It was the first struggle against big capital in which the Wholesale became engaged, and, as in subsequent affairs, it came out victor.

The fleet of the Wholesale expanded, but was always confined to the Channel trade. The question of outward cargoes has, after all, proved the limitation to a really extensive fleet of carriers, for there is a strong prejudice against the carrying of private freights. But recent developments on the Continent in coöperative trade, especially in Russia, may soon remove this barrier.

The fate of a great number of the old self-governing workshops, which had enjoyed temporary success through the support of the consumers' societies, is illustrated in the circumstances under which the Wholesale began its next big manufacturing venture.

A self-governing workshop had been founded in Batley; it was a woolen mill. The Wholesale bank had advanced the owners money. When this establishment went into bankruptcy, in 1883, the Wholesale was the chief creditor, to the extent of thirty-seven thousand dollars. Arranging with the other creditors, the Wholesale took over the plant; then, four years later, began operating it. To make the necessary connecting link between the woolen goods turned out by this factory and the suit of clothes ready for the purchasing Coöperator, a tailoring department was estab-

lished, and so the Wholesale began the manufacture of clothing.

It will be remembered that in the very early days quite a number of coöperative societies began with grinding wheat into flour, as in the case of the Hull society. As the old picturesque water-driven mill gave way to steam-driven machinery and milling plants became more expensive, such ventures became fewer. Invariably, in England and Scotland, at least, societies began with foodstuffs. But as they prospered and developed, as the Rochdale Society had done, many of them took up flour milling on a modern scale, or a number of societies in one district would join together for this specific purpose. In fact, this the Rochdale Society had done, with several of its neighbors. For this reason the Wholesale Society refrained from flour milling; it did not wish to compete with its own constituent members.

Nothing so well illustrates the tendency in modern industry toward centralization as the circumstances under which the Wholesale Society was forced to change this policy.

New machinery for flour milling, as in all other lines of industry, was constantly being invented, most notable being the steel rollers. These modern innovations were being brought into use, in the United States and Hungary, in the form of huge, costly plants. With these gigantic enterprises the local consumers' societies could not compete, not because the capital was lacking, but because such huge plants must necessarily have a larger output than could be absorbed by one locality. Furthermore, these same conditions were making it more and more compulsory for mills to be near water transportation, on account of the bulky nature of the material handled.

As this situation developed it came to be recognized that the Wholesale was logically most fitted for an enterprise of such broad scope. And so it began taking over some of the mills of the local societies, enlarging and modernizing them and establishing new mills.

This step was finally approved in the late eighties. In 1889 the Wholesale began leisurely to build its first big flour mill in Newcastle, at a cost of six hundred thousand dollars, when it suddenly became known that a flour trust was about to be formed in Great Britain. The promoters had, in fact, approached several of the local coöperative societies owning mills of their own and offered to take them in, apparently densely ignorant of the basis on which they were conducted. Thus warned, the Wholesale pushed the building of its big mill to completion, and in 1891 it was inaugurated and began grinding flour for English Coöperators.

For some years this enterprise, one of the biggest of its kind in the country, was run at a loss, on account of conditions in the wheat market. The deficit finally reached the round sum of one hundred thousand dollars. Eventually the corner was turned and more and bigger mills were built. The Chancelot Mill, established in 1909, by the Scottish Wholesale Society, is said to be the biggest and best equipped flour mill in the world.

In 1895 the English Wholesale Society opened big soap works.

Which recalls an earlier episode involving soap, experienced by the Scottish Wholesale.

A large soap manufacturer, whose brand, the famous "Sunlight," known all over the Continent in recent years, was even then in universal demand among the working classes, had fixed the retail price of his

product, as manufacturers often do. The Scottish Wholesale accepted this condition and it was universally adhered to by the local societies. Then some private traders, ever watchful where they might injure their coöperative rivals, pointed out that the quarterly rebates, or "dividends," really amounted to a reduction in price. The Sunlight Company immediately took the matter up with the Wholesale and insisted that the coöperative societies must not grant rebates on Sunlight soap. This was, manifestly, impossible from a bookkeeping point of view alone, but the Wholesale Society simply made the curt reply that the Sunlight Company should not meddle with the Wholesale's internal affairs. But Sunlight insisted.

Whereupon the Wholesale closed its account, appealed to all the local societies to do the same and, for the time being, procured its soap elsewhere.

The local societies responded loyally, some of them hurling the Sunlight posters into the street. In the cooperative world the boycott was pretty general. Within a week the Sunlight man reconsidered his previous decision and offered to come to terms. But it was then too late. Steps had already been taken toward opening up coöperative soap works. And this was eventually done.

The English Wholesale soap works began with an output of seventy-two tons a week, in 1895; by 1906 this had increased to two hundred and sixty-five tons. Then, for a while, the increase slackened.

In that latter year it was suddenly announced that twenty soap manufacturers in Great Britain, controlling a capital of sixty million dollars, had come to a "working agreement."

In that same week in which this announcement was made the demand for coöperative soap rose from three

hundred tons to six hundred and sixty tons. The co-operative works put on three shifts, worked its machinery day and night, and still could not supply the call. Extensive enlargements were made as hurriedly as possible. Obviously the outside public recognized the co-operative movement as an excellent weapon to use in "trust busting."

Private business was highly enraged at this result, as may be judged from the following quotation from an editorial in the *Grocer,* a trade journal:

"This diversion of the soap trade from ordinary channels will be regretted by all interested in the success of private trade . . . the soap manufacturers concerned will find it difficult to recover the trade they have lost and which the Coöperative Wholesale Society has gained."

The *Grocer* was quite right; the private manufacturers never did regain this lost trade, even though the "working agreement" was called off. To-day the C. W. S. soap works, with their tallow-collecting stations in Australia, their copra-collecting stations in the Fiji Islands, and their palm-oil plantations in West Africa, are big enough to meet the biggest private enterprise in open competition, without asking favors.

In revenge for the injury suffered, the soap manufacturers, led by Levering Brothers, made a determined attack on the coöperative movement through the law courts. Charging that coöperative brands of soap were substituted for theirs when the latter were called for, thirty suits were instituted against as many local coöperative societies. It was maintained that in the hurry and confusion of a Saturday night's trading such substitutions were bound to occur, even unconsciously, and the plaintiffs pleaded that the defendants should be made to carry their brands, in case they were

asked for; at least, this was the condition on which they were willing to compromise the suits.

The Wholesale Society took over the defense. First, it agreed to announce throughout the movement what societies did not carry private brands of soap. The plaintiffs were not satisfied; all the local societies should be made to carry their brands.

The judge before whom the test case was tried declared the demands of the manufacturers ridiculous. He decided against them. The case was appealed, and the appeal was lost. And then the Wholesale took a final step; it refused henceforth to carry any private brands of soap at all, and supplied its constituents with coöperative soap only.

The above instances are rather typical of this "class struggle" in the economic field, which has been ever since carried on between capitalism and coöperation. As we shall have occasion to note, later, this struggle seems to have been more acute on the Continent; at least, it has there presented itself in a more picturesque aspect.

The Scotch Coöperators had had a very violent fight with the private interests. In 1888 the latter organized the Scottish Traders' Defense Association and for almost ten years waged bitter warfare against the cooperative societies. At first they confined themselves to printed propaganda, but as the coöperative movement still continued growing, certain elements became desperate and resolved to resort to more violent means. To meet their attacks, the Coöperators organized a "Vigilance Committee," toward whose support the Wholesale and local societies contributed a fighting fund amounting to over one hundred thousand dollars.

Manifestoes were issued by both sides; declarations of war. The capitalists began to initiate a boycott

and, worse still, a systematic blacklisting of workingmen belonging to coöperative societies.

This campaign finally culminated in a bitter fight between the Wholesale Society and the wholesale meat merchants of Glasgow. The latter held a trade conference and passed a resolution "that the fleshers of Glasgow pledge themselves to refuse to supply cooperative societies, either wholesale or retail, with flesh meat, or to have any commercial transactions with them of any description whatever."

On the following market day, when the buyer for the Wholesale appeared in the market and bid twenty pounds for a beef, the sale was refused and the beef was sold to a private dealer for eighteen pounds. Then the Wholesale carried the matter into court, for the market was municipal property. The city council decided in favor of the Coöperators. An appeal followed, in which their decision was reversed. All this litigation naturally took time; the real fight in the economic arena was decided long before.

Cut off from their source of supply, the Coöperators went out to the local farmers and so obtained a limited supply. The butchers sent out agents who threatened the farmers, with not much effect. Next the Wholesale sent a buyer over to Canada to negotiate for direct shipments of cattle. A delegation from the butchers followed him and attempted to frustrate his mission in the Canadian market, in which they failed completely. Having got into direct touch with the Canadian live-stock raisers, the Coöperators were not only safe, but effected an economy.

The net, final result was utter defeat for the traders, for the struggle had received a vast amount of publicity in the press and turned public sympathy toward coöperation.

As already stated, this resistance on the part of trade interests against the advance of coöperation has manifested itself wherever the latter has appeared, but in the various countries there has been a difference in method or tactics. In Germany the fight against the Coöperators has been almost entirely legislative, for there the private interests have had the strong sympathy and help of the ruling classes, something they have not entirely had in Great Britain, in spite of the "class struggle" theory of the orthodox Socialists. In Great Britain, from the royal family down to country gentlemen Tories, including such personages as Earl Grey, the Marquis of Rippon, and a number of prominent churchmen, there has been a decided leaning in favor of the coöperative movement, sometimes taking the form of very strong support.

In Germany this same aristocratic class has taken the side of the capitalist. Thus, as an instance, laws were enacted restricting the sales of coöperative stores entirely to members, which have had no other effect, however, than to swell the membership. The regulation preventing civil servants from dealing with cooperatives was another indication of this active opposition on the part of those in authority.

In the more advanced countries, however, speaking from the point of view of civil rights, the fight has been more or less confined to the economic field. Some of these clashes of interest have had decidedly picturesque aspects, as in Sweden and Switzerland and Denmark.

In February, 1911, the Swedish Wholesale began a determined effort to free itself from the domination of the sugar trust, from which the whole country suffered. The trust controlled the Swedish sugar market and, owing to a highly developed organization of

districts, dictated prices all over the country. It had at this particular time fixed the price of sugar at two and one-fourth oren (about three-fifths of a cent) above the prices prevailing in all the other sugar markets in the world, in addition to the import duty. If an individual trader tried to import sugar on his own account, the trust would immediately lower the price in his neighborhood and thus drive him out of business.

The Swedish Wholesale had obtained permission from the trust to supply sugar to its societies in the immediate neighborhood of Stockholm, but not to the rest of its constituent members in the provinces. All the other societies were obliged to buy from private wholesale merchants in their own particular districts, as specified by the trust.

After some little quiet preparation, the Wholesale suddenly began importing its own sugar, in spite of the high duty, and to supply coöperative societies all over the country. The trust at once lowered its prices, until they were lower than in all other countries, regardless of the duty, at a great loss, naturally. But it had underestimated the strength of the Wholesale. After a long period of futile contest, it gave up the fight, after suffering a tremendous financial loss. The control of the trust over the coöperative societies was completely broken, while the general public, having had its attention attracted to the situation by the publicity attending the fight, turned to legislative efforts for redress, the final result being that the trust was completely broken.

At almost the same time the Swedish Wholesale engaged in a similar struggle against a margarin combine, with even more decisive results, for after suffering a loss of two million three hundred thousand crowns, the margarin combine was obliged to dissolve.

Even more picturesque was an event of this nature which took place in Switzerland only a few months before the war broke out. There a firm by the name of Bell & Co. dominated a large part of the meat supply; through its extensive system of packing houses and chain stores it fixed the prices of all kinds of meat, to private dealers and coöperative stores alike.

One day the Swiss Wholesale issued a declaration of war; it was determined to free at least its own constituency from the domination of Bell & Co. Only a few years before it had smashed a combine of big shoe manufacturers, and thus it went into the fight with the confidence given it by a previous victory.

Even the daily press, which generally follows the policy of giving coöperative activities a minimum of space, took notice of this impending clash between two big economic interests. It looked as though the contest might be a thrilling one.

But just then, as hostilities were about to begin, Bell & Co. raised the white flag. They asked for terms. The terms offered by the Wholesale were that Bell & Co. sell out to the Wholesale. That was done. The Wholesale first bought a block of shares in the corporation, which gave it a controlling interest, then gradually ended this peculiar partnership by buying out the private shareholders, and so the organized consumers of Switzerland gained collective possession of their own meat supply.

I might give page after page of such incidents, as the contest between the cement combine in Denmark and the Danish Wholesale, still in progress, or the recent struggle between the Swiss Wholesale and the chocolate dealers. In every instance the Coöperators have been victorious. An astonishing feature of these events has been the apparent ignorance of the private

interests of the principles of coöperation. They do not seem to have realized the nature of the forces they have had to battle with.

On the other hand, these passages at arms, so to speak, have served to bring to the Coöperators a growing realization of the need of getting ever closer and closer to their original sources of supply: the land.

Which brings me back to an event in the history of the English Wholesale Society which, I cannot help thinking, will some day be regarded as one of the significant incidents in the history of modern civilization in general.

For some years previous to 1896 the Wholesale was experiencing difficulty in obtaining a regular supply of fresh fruit for a jam factory which had been established on rather a large scale. Then, in June, 1896, it was announced that the managing committee had concluded negotiations for the purchase of an estate of seven hundred and forty-two acres, at a cost of one hundred and fifty thousand dollars, on which it was proposed to raise fruit for the jam factory.

Thus the coöperative movement came into first contact with Mother Earth for the purposes of production. It was only the first of a great number of such purchases.

In 1902 the English and Scottish wholesale societies formed a partnership for the specific purpose of growing their own tea in Ceylon, where a plantation of three hundred and sixty-four acres was then acquired. This original purchase was added to at intervals until, in 1913, another purchase was made, exceeding all previous ones, bringing the total acreage of tea plantation in Ceylon belonging to British Cooperators up to nearly three thousand acres. Meanwhile several of the Continental wholesale societies

have also acquired their own land for agricultural purposes, notably the Swiss Wholesale, since the beginning of the war.

As yet this phase of Consumers' Coöperation is, comparatively speaking, in its experimental stage, though big developments in this direction are now (July, 1919) being planned. The fact that these holdings have been constantly increased would seem to show that results have been good. Naturally, there are those, with a large fund of sentiment for things as they are, who see in this departure something reprehensible; that the people, as consumers, should grow their own agricultural produce on their own land and so enter into competition with the farmer. But this question we shall leave to a discussion in a later chapter.

It still remains to point out that consumers' cooperative production is not confined to the wholesale societies, though it is more easily summed up, or visualized, through them. Almost equaling their industries, in the aggregate, are the productive works of a great many of the large local societies. As already set forth, flour milling had been one of the leading features of local production, in the days when the mill dam had been the source of power. Milling then came under the influence of the tendency toward centralization, and it became one of the functions of the wholesale society. But there were still many forms of industry which were not yet, and probably never will be, adapted to big-scale centralization. Obviously the loaf of bread which is delivered to our doorstep every morning cannot be baked at any great distance from the table of the consumer; at least, not until transportation has advanced to a point not yet in sight.

Many of the larger local societies do their own

baking, especially in the Continental countries. Indeed, in Belgium coöperative societies have invariably begun with baking the bread of their members and only taken up other foodstuffs when baking had established them on a firm financial basis. There the cooperative bakeries assume the proportions of big industrial plants.

In Great Britain this usually came later, after the sale of foodstuffs had brought the consumers together. Then local societies would either take up baking by themselves, or form district federations for the purpose. A striking illustration of this latter practice is seen in the United Coöperative Baking Society of Glasgow, composed of a score or more of local societies, their central plant in the city being rated as the biggest and most modernly equipped bakery in the world. In 1909 this bakery was using nearly four thousand sacks of flour a week for the production of bread and biscuits. In the baking of the latter it has saved the Scottish Wholesale Society the necessity of establishing its own baking plant, which obtains biscuits for its members all over Scotland from the Baking Society, the net result being the same, since private profit is nowhere involved. In the city of Glasgow, at least, the United Coöperative Baking Society has revolutionized the baking industry. Previously bread was universally baked in small, unsanitary cellars, or basements. The Coöperators, by establishing their great modern bakery, brought the industry above ground into the light of the sun. Within recent years this institution has extended its activities to Ireland, where it has two big branch bakeries in operation.

Many local societies also carry on market gardening, some of them growing vast quantities of tomatoes, as an example, under acres of glass. Others

have dairy farms and deliver fresh milk to their members every morning; obviously the Wholesale could not do this.

Another local form of enterprise, though hardly to be classed as productive, is housing. This has been especially practiced in Scotland, Germany, and Denmark, though it is also done in the other countries. The principle is quite different from our building and loan societies, in which the builder is merely supplied with capital. The Scottish or German local coöperative society buys the land and builds the houses, then rents them out to the members on the same basis on which it distributes groceries. In the big cities, as in Glasgow, Hamburg, and Copenhagen, the society builds a row of apartment houses and rents the separate apartments out. At the end of the year the profits are figured out and returned to the tenants, in proportion to the amount of rent paid. As Mr. Maxwell, the Scottish Coöperator, once told me, there were many people in Glasgow who found their rebates from their store purchases sufficient to pay their rent, so that membership practically meant they lived rent free, or, as he expressed it, they "ate their way into house and home."

I have, in this account of development before the war, touched very lightly on the movement on the Continent. Naturally, Great Britain has maintained the lead in the progress of the movement and, to a large extent, the Continental Coöperators have clung close to British example, with the exception of Belgium, to whose movement I shall devote a special chapter. In regard to membership, Germany was fast catching up to Scotland before the war broke out, while considered in its proportion to the rest of the population, the Swiss movement was as big as the British. As repeatedly

mentioned before, big strides have been made on the Continent during the war, and in the chapter devoted to these most recent events I shall give the Continental countries their due mention.

Just what the rate of increase of this world-wide coöperative organization, with its revolutionary innovations in the field of industry, has been since the beginning of the century can be estimated accurately in those countries only where the movement has been self-conscious during all that period. In many of them there was no articulated movement in 1900 and the importance of keeping statistics was not thought of. Furthermore, when figures were issued, there was that same confusion of forms which existed in England in the early days and it was impossible to know to what extent they referred to members of the consumers' movement or to members of credit unions, agricultural sales societies, etc. These are matters which the International Coöperative Alliance is only now beginning to clear up and standardize.

In Great Britain the membership had passed the three million mark in 1913; counting each member as the head of a family, or household, not far from one-fourth of the total population. In some parts of Scotland and the north of England whole communities practically belonged en masse to the local society and had swept private trade entirely out of the town or village. Basel, in Switzerland, is said to have reached this point of organization, the private traders there supplying only travelers and foreign guests.

Just before the outbreak of the war Germany ranked second in regard to membership, counting Great Britain as one, with 1,800,000 members. Then came Russia, with 1,400,000; France, 900,000; Austria-Hungary, 500,000, and Italy and Switzerland with a quarter of

a million each. The rest of the ten million members of the whole international movement were distributed among the smaller countries, especially in Denmark, Finland, Sweden, Belgium, Holland, and Norway.

In the matter of coöperative trading the figures were more definite. In 1913, sixteen national wholesale societies reporting did a business of sixty million pounds sterling, which was well over a quarter of a billion dollars. This was an increase over the previous year of $22,700,000. No society showed a decrease; once established, on a truly democratic basis, it is seldom that a wholesale society ever does show any falling off. In Germany the rate of increase was 13 per cent.; Switzerland, 29 per cent.; Bohemia, 45 per cent.; Norway, 25 per cent.; Russia, 35 per cent.; and Denmark, 13 per cent.

These figures, of course, did not cover the total trade of the various national movements. Though the wholesale societies strictly limit their sales to coöperative societies, the local societies do not always buy all their supplies from the wholesales, as in the case of societies manufacturing for themselves.

As for coöperative production, it must be said that on the Continent it had hardly begun. The Germans, the Danes, and the Swiss had made the most notable beginnings, but nothing to be compared to the British.

CHAPTER X

THE "MAISONS DU PEUPLE" OF BELGIUM

As was stated in the last chapter, the development of coöperation in Great Britain has been followed so closely in other countries as not to need any special description in regard to principle and practice. In Belgium, however, certain original departures which have been taken are worthy of special notice, more especially as it seems highly probable that these special forms may be adaptable to this country. Indeed, it might be questioned whether the British themselves might not study Belgian forms of coöperation to no little advantage to their own movement.

By this time the reader must be fairly familiar with the fundamental principles of Consumers', or Rochdale, Coöperation; one man, one vote; the restricted and fixed remuneration of capital; unlimited membership; and the return of "profits" to the purchasing members in ratio to their purchases. The last feature is, of course, not a principle at all, but a practice dictated by expediency. And it is this practice which the Belgians have modified, with some remarkable results. The Belgian idea does not oppose itself to the Rochdale plan at any point; it supplements it, improves it.

As in all other countries, the first attempts at cooperative effort in Belgium were failures. "The history of the first twenty years of our movement," writes Louis Bertrand, the historian of Belgian coöperation, "is nothing but a record of our failures." We need

not study them. The story is the same for all countries. The story of the failures in this country, which I shall give later, might apply to Belgium, too.

Most rare occurrence in the history of coöperation, the first successful attempt, which was to stamp its character on the whole national movement of Belgium, seems to have been due to the personality of one man.

Some time in the middle seventies Eduarde Anseele, the son of a poor shoemaker of Ghent, then a mere youth, felt a strong desire to see the outside world. So he left his native city and began to wander all over Europe. He finally brought up in England, where he worked for a while as a 'longshoreman on the London docks.

Already a Socialist, and deeply class-conscious, he took a keen interest in all working-class organizations. Having come in contact with some of the Rochdale cooperative stores, he observed them closely and took the pains to acquaint himself with their internal workings. He was strongly impressed.

When the boy returned to Ghent, some time afterward, his mind was full of ideas suggested to him by the English coöperative stores. To one of his radical temperament, naturally, the lowering of the cost of living must have seemed of only secondary importance as a feature of coöperation. He saw this form of commercial enterprise in its broader, its social, aspect, as a means to accomplishing revolutionary changes in the whole industrial system.

One evening he gave a talk before the weavers' union of Ghent, and, after he had described the cooperative movement in England, he presented a proposition to the assembled weavers wherein he suggested that they should bake their bread in common. But, instead of frittering away the profits, or surplus, of the

enterprise in penny rebates on purchases, he suggested that this margin should be devoted to a collective insurance fund from which the members might be helped in time of illness, unemployment, or other troubles incidental to a workingman's life.

Anseele presented his scheme so convincingly that the weavers advanced him a loan of two thousand francs, and, with this initial capital, he rented an oven and began baking bread for one hundred and fifty families. In this way he founded the "Vooruit" of Ghent.

The scheme was simple enough. Like the Rochdale societies, after whose pattern it was shaped, the Vooruit carried on its business with the money advanced it by its members in the form of membership dues, or shares. Each member was entitled to just one vote in the affairs of the society, a board of directors, or committee, being elected by them to carry it on.

The bread was sold at the usual market price, and at the end of the quarter the profits could be returned to the purchasing members, in proportion to the amounts of their purchases. But, unlike the Rochdale societies, the members allowed this surplus to accumulate and to become a mutual benefit insurance fund.

From the very beginning the Vooruit prospered. At the end of the first year four hundred families had subscribed to the working capital and were getting their daily bread from the communal oven. The majority probably did not understand the theory behind this peculiar enterprise and gave it their support only because they were made to understand by their leaders that they were supporting the labor movement in some vague way. The benefits were not immediately apparent, for the prices were just the same as in the private

bakeries. With each loaf of bread came a ticket. The housewife collected these coupons because her man told her to do so. A little pamphlet, entitled "Why Marie Should be a Coöperator," tried to explain in simple language the principle on which the Vooruit worked. But the first object lesson would come at the end of the first quarter when, on returning the tickets to the little office in the bakery, Marie would find that they had a certain purchasing value in that free bread could be procured for them. Thus a certain percentage of the profits was returned to the purchasers, but not in cash. The bulk of the surplus, however, was accumulating in the treasury of the society.

Then, gradually, Anseele, who probably had a pretty free hand in those early days, began to put his special theory into practice.

Marie's husband was out of work. Now would rise the question as to whether this new bakery would extend credit, as the little baker in the cellar around the corner had done before. Ready cash was no longer available. Yet every morning the dogcart from the Vooruit would appear and deposit the daily loaf on the doorstep as usual.

When Marie's husband found work again, she had before her the problem of paying up the arrears on the bread bill. To her lively surprise, there would be nothing to pay.

Next came a period when one of the children was ill. A doctor appeared, cured the child, and would take no fee. There was not even a bill for medicines.

"The Vooruit pays me," the doctor explained, smiling.

"But where does the Vooruit get the money to pay for these things?" Marie would ask her man. Piet,

having attended the meetings of the society, would be able to explain.

"We pay. When we buy our bread from a private baker, he makes a profit from us, which he puts into his own pocket. The Vooruit, being our own bakery, uses this profit for our own benefit, when we most need it."

This, in its initial stage, was Anseele's scheme. It did include the return of the profits to the purchasing members, not exactly in proportion to purchases, perhaps, but in such a way as to work on the heartstrings of the recipients; when they most needed it, in fact. Being a workingman himself, Anseele understood the psychology of his people. It was his mode of propaganda, and propaganda, he realized, must appeal to the emotions, rather than to the brain. Utilized for a better purpose, it was merely the same appeal which the Tammany politician makes when he sends the poor widow a ton of coal in his district or when he bails out the workingman of his constituency who has come into violent contact with the police during a Saturday night's spree. Only Anseele systematized the idea. Indeed, with all the Socialist's horror of charity, he spared no pains in making it plain to the members and their wives that this manner of giving was not charity: that they themselves paid the bills.

Anseele had need to weave the emotions of his people into the organization he was building, for presently he was to find himself violently opposed by an organization quite as adept in this same sort of practice — the Catholic Church.

The priests, as soon as they realized the growing strength of the Vooruit, lost no time in attacking it. Not that they were opposed to coöperation in itself, as a practice, at least, but they were decidedly against the

theoretical Socialism which Anseele and the other leading spirits of the society preached.

"We are bombarding the capitalist citadel with loaves of bread," he had said, in one of his public speeches.

The priests lost no time in empty abuse or vituperation, but began organizing a society based on the same principles as the Vooruit, except that they were the management committee.

Here was the first check to Marie's enthusiasm for the Vooruit; to decide between that and her loyalty to the Church, whose priests told her to use all her powers of persuasion to get her man away from the influence of those dangerous agitators, the Socialists. Nor was it merely a matter of faith. Nearly all her simple pleasures and those of the children were bound up with the Church. The parish priest organized all their festivals and entertainments: while the men could go to the cafés, the women and children were dependent on the parish house for such recreations as were proper for them.

"The priests have learned coöperation from us," said Anseele, when the Catholic baking societies began to appear; "now we must learn from them. Without the women our bakery can never prosper. We, too, must give them dance music."

Shortly after "Ons Huis" (Our House) was opened by the Vooruit — the first of those peculiar social centers famous in Belgium under the name "maison du peuple." Every tourist passing through the country is familiar with that name.

But in those early days Ons Huis attracted very little attention; it was a modest little clubhouse, rented from the profits of the bakery. Here the men could gather to read the papers, play a game of dominoes,

and hear a song from a comrade once in a while. A buffet dispensed coffee, soft drinks, and beer at a slight profit. Save for the absinth and the gin, it was a substitute for the cafés.

Then the men were encouraged to bring their wives and children. Music and dancing were introduced. The leaders brought their families to start things off. Little by little other forms of recreation were added, and the control was shared by the women.

In Ons Huis, for the first time, Marie found herself participating in the same pleasures with her husband. As nothing stronger than beer could be had, Piet spent much less than he had spent in the cafés; everything was cheaper, for there were no profits to be made for anybody. On the contrary, it was known that there was a deficit, and that the bakery made it good. The good philanthropist behind this first Belgian social center was the people themselves.

From then on the membership of the Vooruit expanded rapidly. All over Belgium similar societies were organized. In Jolimont "L'Progrès" made a similar appeal to the coal miners, and there the gin mills were an enemy even more potent than the priests. But L'Progrès won out; it put the gin mills out of business by establishing a coöperative brewery whose beer was so good and cheap that the miners all joined the society; practically the whole population became affiliated.

Just before the war there were slightly over two hundred such coöperative centers all over Belgium, all patterned after Anseele's Vooruit.

The commercial success of the coöperative enterprises in Belgium is their least remarkable feature; they have not had the time to develop such gigantic establishments as in Great Britain or Germany or

Switzerland, especially in the field of production. But in 1912 the Vooruit's bakeries employed nearly one hundred bakers, working under model union conditions, turning out one hundred and ten thousand loaves of bread a week. Besides the two bakeries the Vooruit owned a big department store, twenty-one groceries, five clothing and six shoe stores, a coal depot, a chain of drug stores, a large brewery, and one of the biggest printing establishments in Belgium, all netting a yearly surplus of a quarter of a million dollars. In Brussels and Jolimont the figures are even more impressive.

About thirteen years ago the Royal Club of Ghent, an organization corresponding somewhat to our Union League Club, in New York City, found itself in financial difficulties. Its clubhouse, a palatial building with a park surrounding it, was put up for sale. At once the Vooruit presented itself as a buyer.

But the residents of the district, prosperous merchants and officials, objected so strongly to having a workingmen's resort in that neighborhood that the trustees of the club were forced to call off the negotiations with the Vooruit. Finally the building and grounds were sold to a stranger, representing himself as the agent for a wealthy foreigner who wished to take up his residence in the city for business reasons.

The following Sunday the residents, who had congratulated themselves on having rid themselves of an unpleasant prospect, were awakened at an early hour by the sounds of a brass band and a volume of cheers. Looking out of their windows, they saw a black column of working people marching up their quiet streets and turning into the grounds surrounding the Royal

Club building. A short time afterward they saw the Vooruit's flag floating over the roof.

In this way the Vooruit acquired its big clubhouse, of which the modest little Ons Huis is now only a branch. Some years ago a leading American magazine (*Everybody's*) devoted a whole article to it, giving full-page illustrations of the mural decorations, which were executed by Jules van Biesbroeck, the famous Flemish painter and sculptor, whose studio occupied a part of the top floor. Here, before the war, he continued his work, subsidized by the members of the Vooruit to create a new art which should interpret the struggles of the labor movement. One of his marble groups, "Vers L'Emancipation," has gained him an international reputation and is reproduced as a frontispiece in many of the pamphlets published by the Federation of Belgian Workingmen's Coöperative Societies.

It would be difficult to compare this "house of the people" in Ghent with anything in this country. The community-center movement here is striving toward something in this direction, but none of its promoters has yet suggested anything on the scale of the Vooruit's clubhouse or the great "Maison du Peuple" of the Brussels society.

Here Marie, Piet, and the children could spend their evenings and Sundays, dancing, enjoying moving-picture shows, or gathered about a table in the café talking and listening to music. Or, if they felt more seriously inclined, they might climb the broad staircase past Van Biesbroeck's marble groups, and listen to lectures, debates, concert recitals, or read in the big library. Or they might go to the theater; they would be pretty sure to like the play, for previously they had

participated in an election, choosing both plays and actors for the season. Maeterlinck's plays were said to have been most represented: that may have been national pride more than good taste.

In summertime they could promenade the garden walks, listening to the music from the bandstand, or they could sit by the tables under the trees, drinking coffee, lemonade, or beer. Every recreation that a normal human being might demand could be had here, for all was under the democratic control of the pleasure seekers themselves; they were the owners as well as the patrons, and if the Board of Seven failed to give them what they wanted they could recall it from office whenever they desired.

Naturally, however democratic the system might be, some of the ideas had come down from above; Anseele and his associates made their influence felt. The educational features of many of the activities were not conceived by Piet and Marie; they never dreamed of dramatic or literary circles until they were presented to them.

The children's traveling clubs were one of these features.

In the summertime one of these clubs would start out on a walking tour. Its route would be so mapped out that each evening would find the tramping members in some Coöperative center. As they approached the town the local Coöperators would march out to meet them, and together they would walk back into the town behind the local coöperative band. After the evening's entertainment each member would find free lodging with a local family. When the march was resumed in the morning, probably the local traveling club would join the march. And so these tours would continue across the frontier into Holland, France, or

Germany, where there would be no dearth of hearty coöperative welcomes. Latterly these tours had taken on more pretentious dimensions, extending to Switzerland and England, the added cost being only in the train fares.

Of course, only the older children and adults could participate in these walking tours, but the younger children got their trips, too. Special bureaus in the various centers arranged for a systematic exchange of children between the families in the Flemish and French provinces, the object being that the children of both national sections of the country should learn both languages by intimate association with each other. During the general strike of 1913 these bureaus were kept busy sending thousands of children out of the country; to some hundreds of them the strike meant only a jolly vacation trip to Paris. It was this system which proved so suggestive to the Lawrence strikers in 1911; in Lawrence the Belgian immigrant mill hands had organized the Franco-Belge Coöperative Society, and it was its members who suggested the sending of the Lawrence strikers' children to other cities.

The same human element runs through all the activities of the Belgian societies. (I am still justified in speaking in the present tense, as will be obvious in my chapter on the war.) Even emergencies are handled in the same spirit. Nothing illustrates this better than a story that is told of the Maison du Peuple in Brussels.

The workingmen in a quarry not far from Brussels had gone on a strike for higher wages. Being all stanch Catholics, they were not affiliated with any general labor organization, so they neither asked nor received any outside help. As a consequence their resources were soon at an end, and finally their hungry

families compelled them to call a general meeting for the purpose of discussing the proposition of going back to work. While they were talking four big trucks drove into the village and drew up before strike headquarters; each was heavily loaded with foodstuffs and above each fluttered the flag of the Maison du Peuple of Brussels. The meeting adjourned, the strikers cheering and all trying at once to embrace the four truck drivers. The strike was won.

Naturally, every one of those quarrymen became an enthusiastic Coöperator.

At the present time many of Anseele's original insurance and recreational features have been enlarged or amplified. The benefits have expanded widely. A certain period of steady purchasing entitles the older members of the Vooruit to a pension, increasing with each year. Day nurseries for the workingwomen have become a regular institution. Through this system of coöperative insurance and recreations the Belgian labor movement has acquired a solidarity which can perhaps not be equaled in any other country. It was Anseele's theory that a really vital organization must be knit together by the heartstrings of its individual members, and, acting on this belief, he really created such an organization.

There can be little doubt that the Belgian coöperative movement would have expanded much more than it has had it not been for certain features that have apparently acted as a handicap to expansion.

The first of these unfortunate handicaps is undoubtedly the close relationship, the identity, in fact, of the coöperative movement and the Labor party, a Socialist political party. It is one thing for a national coöperative movement to go into politics on its own basis, to protect itself against adverse legislation.

It is quite another thing for it to harness itself closely together with a political party based on a series of undemonstrated bookish theories conceived in the minds of dreaming idealists, however uplifting they may be in spirit. In Belgium the recruit to the coöperative society must accept the whole orthodoxy of Socialist faith. This, first of all, has kept out that element which, though possessed of an open mind, refuses to bind itself to any creed whatsoever. Only one who is temperamentally a Socialist will bind himself to a Socialist party. If the coöperative society is attached to this as an integral part, he refuses to join it on those conditions. Thus the coöperative movement in Belgium, while growing in depth, has been confined within the boundaries of the political Socialist party.

The second unfortunate feature of Belgian coöperation has been the inability of the local societies to appreciate the importance of closer federation, especially for the purpose of production. Here the Socialist nature of the movement has had some influence; the Socialist attitude that it is more important to fill the coffers of the political party than to develop the cooperative organization back to original sources of supply. Satisfied with the results from the distributive enterprises, they have not thought it worth while to push on to production, but have concentrated their energies to spreading Marxian propaganda and getting their members elected to the National Assembly.

Another reason for this backwardness in the field of production has been the sentimental regard for the self-governing workshop groups of workers. A handful of workingmen exploiting a quarry, or a dozen sabot makers, calling themselves a coöperative society and employing the familiar Socialist terminology, have appeared to many of the Belgian leaders as the true

goal of the working classes striving for their emancipation. They, like the Christian Socialists of England, have also been obsessed of the fallacy that each worker should have his own tools in his hands.

Fortunately the Manchester idea has been gaining ground rapidly of recent years. The Wholesale Society, with headquarters in Antwerp, has steadily progressed within the past few years, and among the younger generation are those who realize the broader conception of collectivism.

CHAPTER XI

COÖPERATION DURING THE WAR

THOUGH a revolutionary movement in ultimate purpose, it will be noted that coöperative activity comprises mainly a series of commercial and industrial enterprises, varying from a small store to factories which are the biggest of their kind in the world. In practical details, at least, these establishments are operated by very much the same methods that a capitalist would employ, and they are, one might well assume, subject to the same economic laws that control industry in general. It was, therefore, natural to expect the same depression and dislocation within the coöperative movement, when war threatened, that industry and commerce in general always suffer on such occasions. Hundreds of thousands of members being called to the colors and diminished incomes on the parts of their families would logically result in a falling off of cooperative trade. At any rate, it seemed more than probable that coöperation would suffer a decided setback during the war; at the best it might barely hold its own.

What actually did happen was unexpected by both friends and foes of the movement.

All those who followed the dispatches at the time will remember the mad food panic that followed the declaration of war. Those who had ready cash, fearing all sorts of disruptions in the general supply of foodstuffs, rushed frantically to the stores and be-

gan laying in supplies for weeks, sometimes months, ahead, leaving the poorer classes to face the exorbitant prices of the speculators. This was the situation which faced the coöperative stores as well as the private dealers.

A hasty survey assured the officials of the English and Scottish Wholesale Societies that they had on hand enough of all the necessities to supply the normal needs of their members for several months. Reassuring messages were sent to all the local-store committees, with the advice that they restrict all sales to individuals to their previous average rate of purchasing, but not to raise prices.

This was done by all the stores. The result can readily be imagined. The whole consuming public swung over to the coöperative stores. Before some of them people stood in line blocks in length.

It required only twenty-four hours of this situation to make the wholesale officials realize that their calculations were going to upset. They were not going to supply the whole population and then let their own members suffer a week or two hence. Whereupon there were general instructions to sell only to members.

The result of this ruling was that there was a wild rush of applicants for membership. One London store enrolled three hundred in one forenoon. This brought back the same old situation. And then the stores temporarily debarred all new members, and something like normal conditions were restored.

Meanwhile the panic in the open market continued. When the private dealers were charging twelve cents a pound for sugar, the coöperative stores in the same districts were charging only five cents. Up in Scotland coal dealers sent up the price of coal day by day,

pleading the unusual risks of the sea as the pretext. The Aberdeen Coöperative Society, which owns its own steamers, after allowing the crews a raise of forty per cent as compensation for the added risks, transported coal at a raise of only twelve cents on the ton. Private landlords were raising rents all over. The coöperative societies did not raise rents one penny. Then came a popular agitation for government regulation of prices, and at the head of the agitation were the officials of the coöperative societies. This made an especially strong impression on the public, for the private traders were all on the other side, shouting the familiar phrase, "Let us alone."

At the end of the year these events were to be crystallized into cold figures. It was then that the general secretary of the Coöperative Union reported an increase in the general membership during the past year of 176,750. Compare this with the average yearly increase during the past forty years; 70,000.

For the same period the local societies reported a trade of $692,360,000, an increase over the previous year of $42,000,000, which was a ten times bigger increase than the year before. The English Wholesale reported sales amounting to $175,000,000, a ten per cent increase, as compared with only five per cent the year before.

So much for Great Britain — covering the first six months of the war. Meanwhile, what was happening in other countries?

In Germany the food panic was even more acute than in Great Britain, for the Germans realized that the British navy was going to destroy their sea commerce completely.

During the panic the German stores followed the same policy as the British; they did not raise prices

so long as supplies could be had. Outsiders began joining, more than replacing the many thousands of members drafted into the army. The civil servants who, it will be remembered, were forbidden to join coöperative societies, now rose against this government ruling, and so determined was their stand that the higher authorities rescinded the restriction.

"It is owing to this change of attitude on the part of the government," wrote one of the Wholesale officials, referring to this incident, "and to a more clear-sighted view of things on the part of the public that the coöperative stores have been able to maintain, and often to increase, their trade. For example, the co-operative bakery in Hamburg has had to record an increase of sales each week, in spite of the fact that the purchasing power of nearly all consumers has decreased. The societies at Frankfurt, Brandenburg, and elsewhere have to report similarly . . . The German coöperative journals continue to appear regularly and are profiting from the lessons of the present time by conducting an active propaganda in favor of co-operation. If the political parties have declared a truce (meaning the Socialists, especially), economic organizations have not laid down their arms and their antagonism is no less acute."

"Produktion," the coöperative society in Hamburg, reported at the end of the year:

"On December 31 the membership of the society stood at 78,517, whereas a year ago it totaled only 68,417, so that there was an increase of over 10,000 during the year . . . Sales were $6,161,000, which is an increase of $276,740 . . . To the 27,159 savings accounts which we had a year ago, 4,439 were added, while only 2,604 were closed."

The German Wholesale Society had a turnover

of $40,000,000, which was an increase of $870,000 over the year before.

From France there were no such encouraging figures; there, indeed, the movement seemed to have been heavily stricken. For fully one-third of the local societies were situated in just those districts in the north where the actual fighting was going on. Even when nothing worse happened to them, these northern stores were unable to obtain supplies because all means of transportation had been monopolized by the military or else disabled through the destruction of bridges or roadbeds.

In territory actually invaded by the Germans many stores suffered the same destruction from gunfire that the rest of the community did. The Magasin de Gros, the French Wholesale Society, had several of its warehouses situated in this region, at Château-Regnault, which were destroyed during the battle of the Meuse.

But it seems that after the German soldiers had once entered a town, the coöperative stores sometimes escaped where their competitive neighbors did not. The story of an incident that happened in one town, Château-Thierry, on the Aisne, reported by one of the French Wholesale officials, seems to be typical of a number of such cases.

The town had suffered a heavy bombardment, the French had retired, and many of the civil population had followed them. But the manager of the local coöperative store, together with his clerks, determined to remain behind and do what he could to protect the society's property.

When the German soldiers entered the town they began looting, and the manager of the coöperative store expected that presently his establishment would

suffer the same fate. And, in fact, shortly the store was crowded with German soldiers, all demanding goods.

But to the intense surprise of the manager and his clerks, the Germans grinned at them good-naturedly and offered full payment for what they took and sometimes even refused change, while several insisted on shaking hands.

For some hours the store did a roaring business, though the manager, not understanding German, remained deeply puzzled as to why the store was being shown such special consideration. Later on, when he had occasion to go outside, the puzzle unraveled itself.

Looking over the doorway, he found that above the French word "Coöperative" on the sign had been chalked the German equivalent: "Consumgenossenshaft." To this was added an inscription which a townsman was able to translate into "these are cooperative comrades, boys; don't harm them."

A German soldier who was wounded and came to this country soon after the outbreak of the war, tells me that while shelling a French town at rather close range, the men of his battery, all of whom were Socialists or Coöperators, persistently refrained from firing at a building above whose front doorway they could see the sign of a coöperative store, with the result that the store was the center of a small group of buildings standing intact amid the general ruins. That this incident may probably be typical is indirectly verified by the report of a French coöperative leader, who remarks that in several shell-raked towns only the coöperative store had escaped.

Taking the French coöperative stores outside the actual field of military operations, it was apparent

that they had the same stabilizing effect on economic conditions as in other countries.

"In the mining districts," reported the Magasin de Gros, "economic life runs on normal lines and we are besieged with orders, which can not always be filled. The factory at L'Orient is working as usual and, commercial life in Paris being practically at a standstill, our sales at Bordeaux have increased. It does not seem that the Magasin de Gros will have much difficulty in attaining its usual turnover at the end of the war, in spite of the loss of the warehouses in the Ardenne."

"We have assisted the National Relief Committee," said another report, "and our Wholesale was especially intrusted with the distribution of coal. We approached the Swiss organization Maggi with regard to the sale of milk in Paris and were successful in obtaining this for the population at unexpectedly low prices. Moreover, our management of the workshops, established by the Socialist party, the General Confederation of Labor, and the National Federation of Coöperative Societies, intended to remedy unemployment by the execution of work for the military authorities, has won us universal sympathy."

In Belgium, it was supposed, the disaster to the cooperative movement must be even greater than it had been in France. For months no news came through. And then, gradually, reports trickled through, of which the following, published as a news item by the *Vorwärts,* of Berlin, is only one:

"The large coöperative society, Vooruit, in Ghent, has enrolled 1,350 new members since the beginning of the war. The coöperative weaving society in the same town sends its productions in carts to such places as Liége and Charleroi, journeys of four days . . .

During the war a wholesale depot has been opened in Ghent, to supply the Flemish societies. Latterly the society at Dinant, in the valley of the Meuse, has opened a new distributive center amid the ruins of the town."

Returning to those belligerent countries for which figures are available, Austria is the only instance in which a decrease of wholesale trade is reported, amounting to about a million crowns, and this was said to be entirely due to dislocation of transportation facilities. The local societies reported an immense increase of trade, but being obliged to obtain their supplies from private traders, much of the increase was probably due to higher prices.

The Wholesale Society in Prague, however, supplying the Bohemian societies, reported an increase of sales during the year amounting to 112,000 crowns, which was three and a half per cent higher than the year before.

For Hungary the figures were more detailed. According to a government trade report (and it must be remembered that in Hungary there was the same animosity from higher up against the Coöperators as there was in Germany), the increase in general membership was 11,883, or three and a half per cent, while the total trade was 106,000,000, an increase of 6,000,000 crowns.

Russia I have left to the last, for here the development of coöperation has been the most marked of all during the war, but for the present we are only considering the first six months of the year. This subsequent development, which I shall consider in its proper place, did not as yet make itself obvious in the reports of the Wholesale Society, in Moscow, for the year 1914. The sales during that year were a little

over $5,000,000, as compared to about $4,000,000 in 1913, the increase amounting to less than twenty per cent. The Russian Wholesale did not represent the whole national movement, for it was little more than a district federation. But from all over the country came reports indicating that the coöperative societies were growing, not only in size, but in numbers.

In many municipalities the authorities turned over the whole problem of food supply to local societies, helping them out with loans. One notable case of this kind was in the Siberian city of Omsk, where the city commandeered store buildings, that the coöperative society might establish branches in all quarters of the city.

From this brief survey of the coöperative movement covering the year in which the war began, it will be seen that the outbreak of hostilities had decidedly a stimulating effect. That this same stimulation was noticeable to quite the same degree in the neutral countries will no longer be surprising, since there, at least, the members were not drawn off into the military camps.

Viewing this period in perspective, the cause will at once become obvious. The war threatened to interfere with the food supply. Scarcity, to the point of famine, seemed to the people imminent. Most of the available stores of foodstuffs were in the hands of the private dealers. They, naturally, were not going to miss the opportunity to make what personal profit they could from the situation. They advanced their prices to the uttermost point of endurance on the part of the public. Without any reflections on their moral qualities as persons, it was only natural that they should do so; such action was inherent in the private-trading system.

With the coöperative stores there was no such impulse. As happened in several of the belligerent countries, notably in England, the coöperatives also had immense quantities of foodstuffs on hand, either in their local warehouses or in the warehouses of the wholesale societies. *But these goods had passed out of the domain of capitalist trade, or industry.* They were no longer on the market. These goods already belonged to the members of the movement as truly as though they already had them stored away on their pantry shelves. They had been bought and paid for out of the working capital of the societies, which consists of the shares of the members. In seeming to pay for them over the counter, the members were merely making good the deficit in the share money which the purchasing of the goods had caused. The officials, or the paid store clerks, naturally, had neither the right nor the incentive to raise the price of goods which did not belong to them, of which they were merely the custodians. Thus the Coöperators were, unconsciously, perhaps, in the position of people who had laid by provisions for some months ahead. The tremendous influx of new members merely represented the selfish desire on the part of the outside public to share in their good fortune.

This situation, however, was only peculiar to the first few months of the war. Even in England and Scotland these stores of goods were bound to become exhausted. The question would then arise: what happened, then, when the coöperative societies, on an equal footing with the private merchants and manufacturers, must reach back to original sources of supply and procure goods under the difficult conditions created by the war? By this time a real scarcity of foodstuffs existed and the government had to some

extent curbed speculation and abnormally big profits. The two systems would now be on more equal terms. It was now that the real test of the comparative efficiency of the two systems would be made.

Fortunately there is no lack of concrete evidence of the final result.

In years previous to the war the English Wholesale had been increasing its trade at the average rate of about five per cent a year. The unusual demands made upon it at the outbreak of the war had sent its sales up to a ten per cent increase.

But in 1915 its sales leaped up to over $215,000,000, an increase of over $40,000,000, or 25 per cent. The Scottish Wholesale did almost as well; its rate of increase was 21 per cent. Meanwhile, during the year another 122,584 householders had considered it to their advantage to join the local societies, bringing the total membership up to 3,310,724.

Much of this increase of trade was undoubtedly due to higher prices. But during 1916, when high prices had been more or less established, when government regulation was in full swing and scarcity of provisions must have caused a tendency toward restricted sales, the rate of increase continued almost the same. The turnover of the English Wholesale went up past the quarter of a billion dollar mark, to $261,000,000, representing a gain of 21 per cent. The Scottish Wholesale beat its previous record, registering an increase of 27 per cent. And again the record was broken for increased membership; about 200,000 heads of families had joined — a million consumers — and had brought the total membership up to over 3,500,000.

During the years 1917 and 1918 the increase in the yearly business of the C. W. S. was at the rate of 12½ per cent each year, bringing the total sales for

1918 up to about $326,000,000. This might seem like a settling down to normal conditions, but for the fact that the business for the last half of 1918 was so very much higher than for the first half; $178,226,000. This was an increase of 26 per cent over the same period the year previous; it was more than the sales for the whole year of 1914, when the war began. Obviously a scarcity of provisions was making itself felt. With the signing of the armistice this restraint was removed and business made another leap.

The volume of business of the English Wholesale Society has about doubled during the war.

As for the increase in membership for all of Great Britain, standing now at about 4,000,000, that has amounted to about one million heads of families during the war period. Which means that close to a third of the total population derives at least a part of its necessities from the movement.

A peculiar feature of the development of the British movement during the war has been the increased acquisition of "original sources of production"; land. Extensive purchases of tea estates were made in Ceylon and southern India, bringing the total acreage up to over 30,000 acres. During 1917 the two British Wholesale Societies bought 10,000 acres of wheat land in Canada, as an experiment in wheat production. In England the C. W. S. has purchased farm lands very extensively, most of them already laid out in fruit. The extensive profiteering (a word which, by the way, was first coined by the coöperative journalists) carried on in agricultural produce has led to this program. How successful these experiments in consumers' agricultural production have been may be judged from the fact that during the past few months

the C. W. S. has issued $12,500,000 in "development bonds," all of which have now been sold to local societies and labor unions, some of the former buying to the extent of $250,000. The proceeds of this financial transaction will, as the name of the bonds indicate, be devoted to the development of original sources of production; in the purchase of agricultural lands, both at home and abroad. This tendency on the part of the British consumers to acquire ownership of the sources of agricultural production is, in my opinion, the most revolutionary feature of coöperative development which has yet taken place, to which I shall have occasion to refer again in a later chapter.

Of the Continental countries I shall turn to Germany first, third in order, after England and Scotland, before the war. The German Wholesale Society, in Hamburg, had been creeping slowly up toward the Scottish Wholesale, averaging, as it did, for some years, a 20 per cent increase. And here, at first glance, judging solely by the trade of the Wholesale, German coöperation had suffered a decided setback during 1915 and 1916. In the former year the falling off had been 3 per cent, in the latter 12 per cent.

Yet offsetting this is a record of a steady increase in general membership. In 1914 the membership of the local societies affiliated with the Central Union amounted to 1,700,000. In 1915 about 150,000 new members joined. In 1916 another 150,000 had joined, bringing the total up to about 2,000,000. And in 1917 there was a further increase of 137,000. This, in spite of the fact that during this period nearly every able-bodied German had been called to the front.

As for the local societies, their trade had shown a decided increase. During 1915–16 a hundred new stores, either independent societies or branches of older

societies, had been opened, while the volume of trade during 1916 jumped from 493,000,000 marks to 577,000,000 marks, which was exceeded in 1917, when the increase was 30,000,000 marks.

Turning again to the Wholesale Society, we find that the saving deposits intrusted to its care during the first two war years had doubled, rising from 22,000,000 marks to 44,000,000 marks, its reserve capital also being enlarged by over half a million marks. In 1917 the deposits had increased to nearly 72,000,000 marks. During the year 1916 the productive departments had been enlarged and their output increased to the extent of 9,000,000 marks.

Why, then, should its sales to its own societies have lessened?

Simply that the Coöperators, unlike their Socialist comrades, had the temerity to denounce the war as "barbarous murder"; to announce again and again, at their meetings and conferences and through their official organs, that they were absolutely opposed to it. The Socialists had been received with open arms by the imperial family. Not so the Coöperators. As a measure of "straaf" the Imperial Food Control Board had consistently and continuously followed a policy of discrimination against the Wholesale Society in favor of its private competitors. The complaint against this treatment rings through every report and was the subject of a strong resolution of protest passed by a national congress held in 1917.

Yet H. Kaufmann, director of the Wholesale Society, finds it possible to say:

"Coöperative development (in Germany) during these war times has achieved a victory such as we had not dared to hope for and it gives us the assurance that we shall record still greater success in the

new times which are coming and which will be rung in by the bells of peace."

In Austria the government's previous prejudice against coöperation did not blind it to the great service the movement had been to the people during the trying war times. Early in 1916 the Minister of War called together in conference a number of labor leaders and the officials of the Austrian Wholesale Society. He proposed that the 200,000 munition workers and other government employees in and around Vienna be organized coöperatively, under the supervision of the Wholesale Society, which was accordingly done. Thus the Wholesale Society was given charge of the victualing of 575,000 families in Vienna. Distributing centers were opened in the larger works, while the smaller factories simply assigned their workers to neighboring coöperative stores. Naturally, the Wholesale had some difficulty in adapting itself to this sudden enlargement of business, but succeeded. As an illustration, it took over sixteen private baking plants as annexes to the big modern plant of the local cooperative bakery. Small wonder, then, that its increase in trade during 1916 was at the rate of 73 per cent, as against a 13 per cent increase the year before. In membership there was the same increase as in other countries; in 1914 the Central Union of Austrian Distributive Societies reported 298,605 individuals affiliated with it through the local societies, as compared to 367,538 in 1917. The present status of these same societies is now unknown, for the reason that there has been the same disruption in the cooperative movement in Austria as there has been in the political organization. These societies had included Czechs, Slovaks, and other nationalities which, since the armistice, have broken away from the German-

Austrian societies and united into separate national groups. Glowing reports have been rendered of the rapid development of the coöperative movement in the Czecho-Slovak Republic, but in its case, naturally, there is no past with which to make comparisons.

In Hungary the Wholesale had, in 1915, established four new warehouses, each in a provincial center, and reported an increase in turnover at the rate of 50 per cent. In 1917 it did a business of nearly 88,000,000 kroner, as compared to slightly more than 30,000,000 in 1914, almost triple. How the Hungarian Wholesale prospered during the war period may be judged from the fact that it contributed $200,000 toward the establishment of a coöperative university in Budapest. Few other institutions in the country were feeling flush enough to assist education to that extent. From 1914 to 1917 the Wholesale added 470 societies to its constituency, while its total individual membership was about 300,000.

As in Austria, so in Hungary, too, the coöperative movement has been strongly affected by the political situation. A recent dispatch reports that the Bolshevist Communist Government, with its program of nationalization, has expropriated the Hungarian Wholesale and turned it into a government institution, thus destroying its coöperative character temporarily, at least. But this is not likely to do more than check its development for the time being, and when normal conditions are reëstablished, whatever the form of government adopted may be, the Wholesale will undoubtedly continue its onward march.

As already stated, coöperation had suffered in France because of the actual invasion by German armies, but in spite of that fact the French Wholesale registered a tremendous increase in its business.

In the year ending July, 1915, corresponding exactly with the first war year, it did a business of 9,000,000 francs; a little less than $2,000,000. During the year ending July, 1918, its sales amounted to 42,000,000 francs, nearly double the trade of the year previous. Much of this increase has been due to the friendly attitude of the French Government toward coöperative enterprises, which appointed Albert Thomas, one of the most prominent of the coöperative leaders, Minister of Munitions, and encouraged him to establish coöperative societies wherever they could be of benefit to the munitions workers and the soldiers. As an instance, the army canteens were all put on a cooperative basis, as nearly as that was possible under the circumstances, and placed under the supervision of the Wholesale Society.

I shall now consider briefly a few of the neutral countries, where development has been no less marked.

In Switzerland the Wholesale Society did a business of a little over 45,000,000 francs in 1914. Last year, in 1918, this same institution had a turnover of nearly 130,000,000; almost triple. In 1915 the membership of the affiliated societies stood at 287,704. Two years later they had increased to 324,948. As there are only 900,000 families in Switzerland, and each coöperative society member represents a family, it will be seen that over a third of the population is involved. During the war the Wholesale, again as the result of a boycott, established the biggest flour mill in Switzerland, with a weekly output of forty-two carloads of flour. There has also been an extensive purchasing of land for the purpose of agricultural production, for in Switzerland the so-called agricultural coöperative societies are bitterly opposed to the

consumers' societies and discriminate in favor of the private dealers in wholesale farm produce.

Sweden's Wholesale Society did a business in 1914 of 9,900,000 kroner. In 1917 this had more than doubled, and stood at 21,800,000 kroner. In that same period the members affiliated to the Wholesale through their local societies increased from 111,000 to 177,000. The Swedish Wholesale was the only importer of American bacon after the armistice, none of the private dealers daring to undertake the risk.

Norway's coöperative federation was weak in 1914; only 3,200 members were affiliated. But in 1917 this number had increased to 60,000. In 1914 the Wholesale's trade was 3,000,000 kroner. In 1917 it was over 8,000,000.

On June 1, 1919, the Union of Dutch Workers' Cooperative Societies reported a membership of 48,768, as compared to 42,449 a year before. In 1914 this organization, which is only one of three unions of consumers' societies, had a membership of 26,695. Which means that this organization doubled its membership during the war.

During 1918 the four northern countries, Norway, Sweden, Denmark, and Finland, coöperated in the establishment of an international wholesale society, which began at once an importing business for the Cooperators of the four countries affiliated, with headquarters in Copenhagen.

Russia I have left to the last; so extensively has cooperation developed there that the Russian movement stands apart from the movements in all the other European countries. It constitutes to-day practically the economic and industrial system of all that part of Russia under Soviet rule.

Various distinct causes contributed to this abnormal

development. In the early years of the war, even under the autocratic régime, the coöperative societies attracted wide attention by their ability to handle the food problems, not only for the civil population, but for the armies at the front. The government, whose administrative machinery proved entirely inadequate for this function, was compelled to assign various social organizations to this task, such as the zemstvos, the federation of municipalities, and similar bodies. Among these were the coöperatives, and they proved themselves the most efficient. In the exercise of this public function of food supply they waxed strong.

Then came the revolution.

"On what basis will the economic organization of the new Russia be founded?" a correspondent asked the Premier, Alexander Kerensky, as reported by the *New York Vorwärts,* in New York City, whose editor, Abraham Cahan, has always been a bitter opponent of coöperation.

"Study our coöperative organizations," replied the Premier, "and you will know. The basis is already there."

In the Kerensky Cabinet the Minister of Trade and Commerce, the Assistant Minister of Supplies, the Assistant Minister of Labor, the Minister of Posts and Telegraphs and the Minister of Public Relief were all appointed on account of their experience as leaders in the coöperative movement.

During Kerensky's régime coöperation made rapid strides ahead, for every encouragement was given it. During 1918 there were about 20,000 consumers' societies throughout the country, with a membership of about 15,000,000 heads of families.

The trade done by the Wholesale Society, in Moscow, though it covers only a part of the field, gives

some idea of the rapid growth. In 1913 it did a business of only $4,000,000, less than the Wholesale of little Finland was doing. The first year of the war showed an increase of only a little over a million. But during 1915 this turnover was more than doubled, rising to $12,500,000. In 1916 the volume of trade made a flying leap up to $45,000,000, bringing Russia up past Germany, third in order, after England and Scotland. In 1917 the sales rose to $75,000,000. Last year, during 1918, its turnover was 2,000,000,000 rubles, which would be a billion dollars at the normal rate of exchange, but is now equal to about $400,000,000.

No less impressive are the figures for the central bank of the Russian movement; the Moscow Narodni Bank. This institution deserves special mention.

Unlike the bank of the English Coöperative Wholesale Society, the Narodni Bank is a separate establishment. In 1912 it was founded on much the same basis as a private bank, with this important difference: that only coöperative societies could buy its shares of stock, or make deposits with it, while the bank itself only made loans or granted credit to coöperative societies.

In 1913, when it had been in business only a year, the Narodni Bank had a turnover of $28,000,000. This doubled in 1914. In 1915 the turnover doubled again, rising to $120,000,000. In 1916 it mounted to over a billion rubles. And then came the big leap; up to nearly six billion rubles, over a billion dollars, at the present rate of exchange.

When the Bolsheviki came into power the leaders of the coöperative organizations were decidedly opposed, and voiced their opposition so strongly that many of them were arrested and the Narodni Bank

was in the hands of the Red Guards for several weeks. This opposition has since died down to a somewhat sullen "neutrality," though it cannot be denied that the same old opposition is still there. The Soviet has the armed forces of the country and the jails behind it.

But, as Lenin found out very soon, the Soviet itself was economically dependent on the coöperative movement. The factory committees which attempted to carry on the industrial plants from which the Soviet had driven the private owners proved dismal failures. The regional committees, based on a somewhat broader class foundation, were no more successful. So the factories were turned over to the well-organized consumers' societies, already operating a number of such establishments. The local food distributing committees established by the Soviets proved hardly more competent, and again the coöperatives were appealed to.

Lenin found that he must compromise with the Cooperators. Indeed, his whole scheme of industrial organization must be decidedly modified from his mixture of state Socialism and Syndicalism, in the direction of practical coöperation. The Red Guards were taken out of the premises of the Narodni Bank and that institution was allowed its full independence again, though every other bank in the country was taken over by the Soviet. Special laws were passed favoring the coöperative enterprises. It was not till the latter part of 1918 that the Narodni Bank was finally "nationalized," but this was really in the nature of a compromise, for this action has in no substantial detail affected the independence of the institution, which continues business under its old Board of Directors, whose decisions are only nominally subject to the approval of the Banking Commissars of the Soviet.

"Lenin himself was present at the conference at which this compromise was affected," one of the bank's directors told me. "'You know,' he said to us, 'I never compromise.' He looked us straight in the eye, then a smile broke out about his mouth, and he added, 'Except with you coöperators.'"

To-day, according to statistics published in the *Russian Coöperator* for April, 1919, the official organ of the Russian coöperative office in London, the Central Union of Russian Consumers' Societies comprises, within Central Russia, 244 coöperative unions, numbering 8,876,263 individual members, representing 36,000,000 persons, representing 48 per cent of the total population of the territory under consideration. Another 15,000,000 persons are further served by the coöperative institutions, making altogether over 51,000,000 persons out of a total population of 76,000,000.

The same article in which these figures are quoted then goes on to describe the working basis on which the Soviet Government and the coöperative organization coöperate in distributing the foodstuffs among the population.

The Central Soviet in Moscow controls the food supply. Every month the central coöperative organization in Moscow, the Central Union (or Wholesale Society), informs the Soviet of the number of consumers its constituent societies have supplied in the different provinces. This gives the proportion of the population procuring supplies from the coöperatives. Figuring on this basis, the Soviet turns over to the Central Coöperative Union a corresponding percentage of the goods to be distributed to the people in those districts. The rest is handed over to the food committees of the local soviets, for there is now no private trade

in Central Russia. In August and July, 1918, the Soviet Government turned over 65 per cent of its food supplies for distribution to the Central Coöperative Union. In sixteen of the thirty-seven governments, or provinces, involved, the coöperatives were assigned the task of distribution exclusively. It will thus be seen that the coöperative system is now fast becoming universal in Central Russia; that unless outside interference should divert natural tendencies, cooperation will soon control the economic life of the country entirely.

Already before the Bolsheviki came into power the Central Union of Russian Coöperative Societies had established a branch in London. A few months ago a similar office was established in New York City, where it covers a whole floor of a modern downtown office building. The purpose of this agency, known officially as the American Committee of the Russian Coöperative Unions, is to persuade the United States Government to permit trade between American manufacturers and the coöperatives of Soviet Russia. Through this office heavy purchases had already been made for shipment to the Siberian coöperative societies. And now, at the present writing, comes the news that the United States Government has sold to this committee meat and clothing from its surplus army supplies for shipment, presumably to Moscow, to the value of $15,000,000.

I think I have presented enough dry figures and facts to convince the most skeptical that consumers' coöperation has now become an economic force throughout all of Europe which must seriously be considered as a possible, even a probable, successor to private trade and industry, in the natural course of that evolution which makes for the progress of civilization.

Continuing its onward march, not at the rate with which it has advanced during the five years of the war, but at the normal speed with which it was traveling before the war, it must inevitably acquire a dominating position in world industry within a very few years.

Truly, efforts may indeed be made by the supporters of the present order to check its course, to suppress it. There are marked indications of such a concerted movement on the part of large industrial groups in Great Britain at the present time. But such efforts have always failed in the past, and there is no reason to suppose that the British Coöperators, representing almost a third of the population, and with a mighty economic weapon in their hands, have not the capacity or the strength to meet each move made against them, step by step. Capitalism has never yet struck coöperation one telling blow. Indeed, capitalism, at the present time, has more reason than ever to tread softly over the toes of the masses. Never, at any time during the past, has it stood in such fear of that danger which it chooses to call Bolshevism. Nor can there be any doubt that if, by legislative means, the capitalist class did succeed in blocking the course of natural evolution, which in industry is coöperation itself, there could be no other result than — Bolshevism.

CHAPTER XII

COÖPERATION IN THE UNITED STATES

To the practical American, assuming that he has read the foregoing outline of the international co-operative movement, the question will at once arise: how does this affect us? Are we to expect extensive coöperative organization in this country?

To which, of course, there is no decided answer. Studying the facts as they are at present, both at home and abroad, we can only attempt to present the basis for speculation not entirely woven out of dreams and idealistic theories. But these facts are worth studying. There is enough material available.

As a matter of fact, coöperation appeared in this country as early as in any of the Continental countries, and before it appeared in Russia, where it has since developed so remarkably. Nor can it be said that it has failed here more than elsewhere; rather, it has languished, as though waiting for the conditions propitious for its growth. Again and again waves of enthusiasm for coöperation have swept over sections of the country, to subside again, though never to recede entirely. So it was in the older countries, too. Indeed, it may be said that in the early attempts at organization in this country more of a social spirit was shown among the people concerned: there was less tendency toward local isolation. For the local societies federated before they had attained a firm basis as units.

As far back as 1844 a tailor in Boston, John G.

Kaulback, organized a coöperative buying club which, a year later, became the first coöperative society about which was formed a federation known as the Workingmen's Protective Union. In 1849 this organization changed its name to the New England Protective Union, by which time it comprised over a hundred divisions, as the local societies were called, 83 of which reported a membership of 5,109, with working capital amounting to more than $70,000 and sales considerably over half a million a year. Within the next three years the number of local divisions had increased to 403, of which 67 reported a capital stock of a quarter of a million dollars.

Then came internal quarrels, followed by a split and the organization of the American Protective Union. This latter organization also developed with remarkable rapidity, until in 1857 its local stores were doing a yearly business of $300,000 throughout ten states, most of them in Massachusetts. Altogether as many as seven hundred stores were established throughout New England and were scattered as far as Illinois and Canada. Some few of them survive to this day.

But shortly before the Civil War a marked decline set in. Whether the organization might later have picked up again is doubtful, but at any rate when the Civil War broke out it went completely to pieces largely through the enlistment of its members.

Its temporary success was probably due to the centralization which marked its form of organization, without which this early attempt would have been little more noticed than similar attempts in other countries. But against the advantages of federation were set various handicaps. First, the movement tied itself down with outside matters, notably prohibition. All members were obliged to pledge themselves not

to touch alcoholic liquors, which limited its development to people of this way of thinking. This alone might account for ultimate failure, for no coöperative movement has ever succeeded which has weighted itself down with issues not strictly pertaining to cooperation itself.

Nor were these early stores conducted on Rochdale principles. Goods were sold at as near cost as possible, a practice which experience has shown to be impracticable. Finally, the organization also undertook to judge the "moral character" of all applicants for membership. Modern coöperation does not attempt to set up standards for personal conduct.

The next wave of coöperation which rose, after the Civil War, swept over a much wider territory; from Maine down to Texas and westward to the foot of the Rockies, though it, too, had its inception in New England.

During the early seventies the Grangers, more properly the Patrons of Husbandry, a farmers' order, established a number of local coöperative stores, and to this day the grangers' stores are not unknown in the country. I shall not dwell on their coöperative efforts for, even where they have carried them out on the true Rochdale principles, their coöperation has always been incidental to other interests. They have never constituted any real coöperative movement and would not be likely to join one. Theirs is a purely utilitarian manifestation and without any potential possibilities.

But it was the local enterprises of these early Grangers which inspired a truly coöperative organization: the Sovereigns of Industry, founded in 1874, and open to all persons, regardless of occupation.

The expressed purpose of the order, as indicated in its constitution, was to check, by peaceful means, the

advance of predatory capitalism and to establish an industrial system based on equity. Reading their literature at this day, with a full knowledge of the trend of the modern movement abroad, it is surprising what an advanced stand the leaders of this movement took. At the time they were, in spirit, far ahead of the Coöperators of Europe, with the possible exception of that group supporting the English Wholesale Society.

The Sovereigns spread over the states of the Atlantic seaboard, from Maine down to Maryland, though they continued being most numerous in the North. Like the earlier Protective Union, the organization comprised local groups, known as "councils," each of which engaged in coöperative buying. Some never developed beyond the stage of buying clubs, which elected buying agents, who bought on weekly orders. But about half of the councils eventually opened stores.

The system on which they worked was rather peculiar, though quite democratic in form and spirit. The local councils invited loans from their individual members, from each according to his means. This money was utilized as the working capital of the enterprise. Where possible, several neighboring councils worked together in establishing a store, each council participating in the management in proportion to its investment, having one representative on the board of management for every hundred dollars, this delegate being elected by the council at large. A seven per cent. interest was paid on capital; the stores restricting their sales to members of the order and at prices calculated to allow a profit of about two and a half per cent. Half of this surplus went to a sinking fund, the other half went into the treasuries of the

councils. Such was their plan in the beginning, but later the Rochdale plan was almost universally adopted.

Within two years after its founding the order had attained a membership of 30,000. The most notable store established in connection with this organization was the enterprise founded by the councils in Springfield, Mass., whose members numbered 3,000 and whose sales in 1876 amounted to $135,000. But its prosperity was short-lived, and finally, in 1879, it failed, the chief cause of failure obviously being bad business management. As an instance, when the monthly trade of the store amounted to about $5,000, two clerks and one team for delivery were found sufficient; when this trade had been merely doubled, ten clerks and six teams were employed. Again, bad judgment was shown in buying, a lot of clothes and hats of fashionable cut being put in stock, with the result that they had to be sold later at a big loss.

The decline of the Sovereigns was as rapid as their rise. By the end of the seventies they had practically disappeared, though some of their stores survived as independent units.

Meanwhile, organized labor, in the form of the Knights of Labor, had also taken up the cause of cooperation. The leaders of this organization seem to have had a full appreciation of the broad, social significance of coöperation. But unfortunately the Knights were primarily a labor union, and as already indicated, coöperation tolerates no matrimony. In double harness it never thrives, no matter how sympathetic a mate it may have. The Knights established and supported many stores throughout the country, extending them as far West as Kansas. But when the national organization collapsed, the enterprises it had initiated mostly ceased with it.

During the nineties and the early years of the new century coöperation seemed dead in the United States. Here and there might be found some isolated store, organized by immigrants, who knew the movement from home. The few big enterprises surviving from the early movements were purely commercial in spirit and continued on the Rochdale plan from habit rather than from any feeling of idealism. Nowhere, during this period, was there any sign of an expansive propaganda with social ideals, with a general program.

Then, around the beginning of the century, coöperative stores began appearing in California in the rural districts. At first these isolated societies did not appear in any way animated by idealism. The rank and file seemed inspired by no other motive than economy. But when some dozens of these societies were flourishing, certain leading spirits organized the "Rochdale Wholesale Company," a sort of a central purchasing agency, with headquarters in San Francisco. Eventually nearly a hundred stores were connected with this central institution, though it does not appear to have been in the nature of a real federation. For a while there was some discussion over a plan whereby the management of the local stores should proceed from the one head, on the principle of the modern chain stores. There is, apparently, something in this idea of centralization that appeals to the American character, for centralization had been a feature of the earlier New England movements.

But before any general plan could be considered these California stores began failing, one after another, or in bunches, in fact. A general decline set in and finally, about eight or nine years ago, low-water mark was reached with only about twenty stores in existence in the state.

"The cause of failure," writes Ernest O. F. Ames, one of the leaders and president of the Pacific Co-operative League, an existing organization, "was lack of business management, extension of credit, lack of educational work, absence of auditing or any systematic bookkeeping — all due to inexperience. The stores succeeded at first because, up to fifteen years ago, almost any kind of business could succeed in California. In the country towns, where the Rochdale stores were located, the farming population was a growing and a prosperous one."

The present Pacific Coöperative League, incorporated in 1913, represents an effort to save the surviving remnants of the movement and to promote it on a sounder basis. From 1913 there has been a gradual but healthy progress in the business transacted. Already some of the buying clubs have opened stores. Most promising is the intelligent character of the leadership.

Strong emphasis is put on education; on imparting to the rank and file a practical and theoretical knowledge of coöperation, without which no movement can hope to attain success.

Another general movement was started in the Northwest, some ten or fifteen years ago, centering about Minneapolis, Minn., where a propaganda society, known as the Right Relationship League, attempted to create a federation. This stimulus was entirely from private individuals and was by them financed. The League sent organizers out over the surrounding territory and organized quite a number of coöperative societies in the rural districts and the larger towns. An organ, *Coöperation,* was published to support these efforts and to spread a knowledge of coöperative principles among the people. The result was that several

hundred stores were actually established in this section, most of which are still prospering.

But only four years ago the Right Relationship League gave up its efforts, discouraged by lack of real success. Apparently it had not found the material of which social movements are built. At any rate, the store societies showed no ambition beyond local success. The several efforts made toward federating them were absolutely futile. Apparently, like the grange stores, the members were composed of farmers emphasizing selling, rather than buying. Unfortunately, too, the League attempted to straddle two steeds that will not pull together: Consumers' Coöperation and agricultural coöperation.

In 1907 there began, in New York City, what presently became a very self-conscious movement, prospering very little in the city itself, but spreading the idea over surrounding territory. In that year a small society was founded in the Bronx section of the city, composed only of some dozens of members. Having opened its store with a capital of less than a hundred dollars, just before the panic, it failed. Nevertheless, one of the members, Hyman Cohn, a Jewish salesman with the spirit of the ancient prophets, carried the idea down into the Jewish East Side. Organizing the Cooperative League, little more than a fictitious organization in the beginning, he carried on a tireless propaganda for years, largely alone; often he was the only one to answer the roll call at the "meetings" of the League. So persistent was his propaganda, however, that he gradually became known to all the radical elements in the Jewish quarter as "Coöperative Cohn."

Persistence brought its due results. In 1911 the Coöperative League had some three hundred dollars

in its treasury, though its active members numbered still less than a dozen. Then a hat store was opened in Delancey Street, a fairly large stock being procured on the credit of one of the members.

The novelty of the enterprise seemed to appeal to the popular imagination on the East Side, for the hat store was a tremendous success. The League suddenly found itself with quite a little capital on hand, for the purchasers would not bother to collect the rebate on the purchase of a hat or two. The enthusiasm of Cohn and his little group was fired to white heat by this initial success — with the inevitable result. The second-hand machinery of a small hat factory was purchased, "on terms," of course, and the Coöperative League embarked on coöperative production. At least it had the distinction of establishing the first consumers' coöperative productive plant in this country.

But the basic business principle of consumers' cooperative production is to establish your factory only when the market for its output has been organized. The members of the League numbered only some three hundred, and each of those would want no more than one or two hats a year. The factory, small though it was, occupying a loft, must turn out some hundreds of thousands of hats a year to make it pay its own upkeep.

To meet this situation three other hat stores were opened, and each store added a "gent's furnishing" department to its hats. But what active sympathy there was in the Jewish quarter for the League had concentrated on the first store in Delancey Street. The other stores could not be made to pay expenses. The original store continued to prosper, and for over a year carried on its back the losses from the other stores and the factory.

Eventually the organizers realized their blunder and shortened sail rather skillfully, until the factory and the three losing stores were disposed of. This contraction of enterprise, however, had its natural influence on the people: added to it was the bitter opposition of the Jewish Socialist daily, *Vorwärts,* whose editor belonged to the old school of Socialism and feared this diversion of radical energy into other channels. New members ceased applying. Finally the League was reorganized into the present Industrial and Agricultural Coöperative Association, which owns and operates two restaurants, two boarding houses, and a butcher shop, its yearly pay roll amounting to about twenty thousand dollars a year. Up to the present it has been showing all the signs of success.

I have given the above organization rather more space than it seems to deserve, but it had a lasting influence which spread far from its source.

The Coöperative League, though never possessed of other funds than were subscribed by the dues of its members or were taken from its early profits, was thoroughly modern in its viewpoint and spirit. Moreover, it carried on a propaganda away from its own immediate vicinity from which it could hope for no immediate results, much less benefits. As an instance, it sent a delegate to the National Socialist Convention, held in Indianapolis in 1912, with the result that this body indorsed the coöperative movement and appointed a special committee to study it. Henceforward all active opposition on the part of Socialists was silenced, and even the *Vorwärts* was reduced to a merely passive resistance. The national committee of the Socialist party then established a bureau for information on coöperation in Chicago, and though the information here

dispensed had all the earmarks of the early Christian Socialist literature on the subject, it did lead to many coöperative societies being organized all over the country by Socialists. Aside from this, the Coöperative League published many pamphlets and leaflets, in English as well as in Yiddish, and these were productive of some concrete results. Many of the coöperative societies in New Jersey were indirectly the offspring of the League.

The Coöperative League was undoubtedly the first *democratic* coöperative organization to carry on a general propaganda in this country.

From it, too, though indirectly, through individuals who had been active in its efforts, sprang the Consumers' Coöperative Union of New Jersey, which founded what is now the only organ of Consumers' Coöperation in this country. The Union was an attempt to establish a coöperative union, such as those existing in European countries. But it was only an embryo. Less than half a dozen organizations supported it as members; there was a continuous deficit in the publication of the *Coöperative Consumer,* most of which the printer stood.

Finally, in 1916, there was organized the Cooperative League of America, a propaganda body backed by private individuals, but with its doors open to coöperative societies on a federative basis.

This organization has since developed as the backbone of the propaganda for coöperation in this country. It has had a powerful influence, not only in stimulating with its literature the organization of new societies, but in bringing the existing societies together into a national, cohesive body, conscious of its own significance and ultimate aims. Its president, Dr. James P. Warbasse, may rightfully be regarded as

the American Vansittart Neale, with the important exception that he accepts the lessons taught by the past experience of coöperation, and does not attempt to impose artificial theories on the budding American movement.

The Coöperative League of America publishes an enormous amount of literature which it sends out freely over the whole country. It has made it possible for societies to obtain standardized information. It serves as a center to which appeals may be made for help and guidance. Its educational work fills a need never before supplied in this country. It functionates as a central union.

I come now to the recent material development of the coöperative movement in this country, no less remarkable than that of the European countries, in proportion, considering the degree to which we have been affected by the great war.

I have already referred to the comparatively slight manifestations of the coöperative spirit in California and the Eastern states, and the more material development in the Northwest, as representing the situation in this country before the war. Properly I should also have mentioned the group of coöperative societies organized in southern Illinois by the coal miners, the first of which were founded seven or eight years ago and fostered by the labor unions, largely through the personal interest of John H. Walker, president of the Illinois State Federation of Labor, and its secretary, Duncan McDonald.

When the war broke out there were about two or three dozen of these local coöperative societies in southern Illinois. Some, through the patient persistence of their members, many of whom were Britishers who had had experience with coöperation in the coal-

mining regions of England, where British coöperation is strong, had attained a firm foundation and were prospering, saving their supporters a material reduction in living expenses.

Then came the rise in the cost of living, brought on by war conditions, and, to a very much smaller degree, of course, the same thing happened there that had happened in England; all over Europe. So long as their scant supplies lasted, these little stores maintained normal prices. That was not for long, but it was long enough to teach the lesson.

Since then the Illinois store societies have developed rapidly and have spread over into the neighboring states. Save for a few cases in which incompetence was markedly obvious, they have all prospered. There was scarcely one of them which was not returning at least an eight per cent. rebate on purchases to its members before the United States entered the war. Some developed the Belgian recreational idea, as in Staunton, where a clubhouse similar to Anseele's Ons Huis, in Ghent, is part of the local society's string of enterprises. The store occupies the ground floor of one of the most imposing buildings in the town, but upstairs are a dance hall, a movie theater, a restaurant, a buffet, and a reading room.

Many of the societies in other towns have followed this example, notably in Danville, where the local society has several branches of its main store in various parts of the town and where the social spirit of the membership is almost entirely wrapped up with the society. Here, as in many of the other localities, a permanent women's committee visits from house to house, to "carry the gospel of coöperation," and, as this committee once reported, "the less they know about it, the longer we stay." In Illinois, at least, the

women play an important part in the organization and through it exercise what they consider a power equal to political suffrage.

At the present time there are about a hundred cooperative societies in this section of the country, centering about Springfield, Ill. The governor himself has become an enthusiastic member and, in a public speech, declared that it was his opinion that coöperative history and principles should be taught in the public schools. Of these local organizations about half have federated into the Central States Coöperative Society, which has established headquarters in Springfield and opened an office and a warehouse in East St. Louis, acting as wholesale society to the constituent societies.

Of more recent development is the movement in western Pennsylvania, centering about Pittsburgh. Here again it is the miners who have taken the initiative, but in this section they include many nationalities, especially Belgians from the Charleroi region, in Belgium, which is significant. But the majority are Italians and Slavs. In one small town, Bentleyville, the local coöperative, doing a business of $200,000 a year, practically dominates the trade of the community, where local dealers had been charging an unusually high rate of profit for years.

These Pennsylvania societies have also federated, in the Tri-State Coöperative Society, at the head of which was a particularly live young American college graduate, Dalton T. Clarke, who gave up a law practice because of his interest in the movement. He initiated the federation's enterprises by opening a warehouse in Monessen, from which goods were delivered to the local societies by motor trucks. Eight months ago this federation of consumers' societies had in its em-

ploy seven men. Since then another warehouse has been opened in Pittsburgh, and now they have thirty-five persons on the pay roll.

The Tri-State Society has proceeded along rather peculiar lines, somewhat different from the orthodox methods of the European wholesale societies. Every effort has been made to bring in already existing societies, and a large majority have responded by joining. But here and there, in communities where there were no coöperative stores, the Tri-State has opened retail branches of its wholesale business, using the store as a nucleus about which to develop a society later on. The society now has about twenty-three such dependent branches, about which a membership has not yet developed strong enough to take control of the branch. Organizers are also sent into the unorganized districts to stimulate the formation of local societies. As an instance, one of the Tri-State organizers went into the town of Charleroi, Pa., where there had been a coöperative society some years before. According to Holyoake no coöperative society has any chance of establishing a store in a community where one has already failed, until the last survivor of the wrecked society is dead. Fortunately the Tri-State man did not know about this precept, and in twelve weeks he had organized a society with nearly 300 members and a capital of $18,000. This society is now running a big store successfully in Charleroi, under the guidance of the Tri-State.

Farther north coöperation becomes more rural; that is, the store societies are largely organized by farmers, sometimes in connection with their marketing associations. It is in this prospering region, centering about Wisconsin, Minnesota, and the two Dakotas, that the Coöperative Wholesale Society of America (St.

Paul), the American Rochdale Union, the American Coöperative Association, the American Rochdale League, and the American Coöperative Organization Bureau operate. One of these organization bureaus reports having established a store every two weeks for the past six months. Another started shortly after the war broke out, with a capital of $7,000. In 1918 it had seventy-five branches in operation, with a paid-in capital of $700,000. It reports having recently begun manufacturing on the Rochdale plan. The broad, social idealism of the coöperatives backed by the labor organizations seems not so pronounced in this section, but certainly this cannot be said of the officials of the Coöperative Wholesale Society of America, in St. Paul, though I am personally of the opinion that they are repeating the mistake of the Right Relationship League; attempting to coördinate two elements which are not compatible. The Nonpartisan League out in that section has in operation a chain of some fifty or sixty stores, but they are not true to coöperative principle, the main object of the organization being political.

Out around Puget Sound is where things coöperative happen overnight. There it is all a question of months. In June, 1918, the local society in Seattle was organized, under the leadership of Carl Lunn, a young Swede with a dynamic personality, and it bought out a private store doing a business of $4,200 a month. Within a few months trade had developed to the rate of $7,000 a month.

Lunn and his fellows were labor men, and the unions were behind them — unofficially, of course, as they had been in Illinois. They were pleased with this initial success. So they, as labor unions, bought out the entire South End Public Market, in which they es-

tablished a general wholesale and retail meat business. Part of the premises was allotted to the coöperative grocery society, while some of the stalls were retained by the private dealers who had previously occupied them.

During the next thirty weeks the combined turnover of the coöperative society and the labor unions' meat business amounted to half a million dollars. The meat business alone soon rose to $70,000 a month. Recently the labor unions holding shares in the meat enterprise passed a resolution in favor of reorganizing on a truly Rochdale coöperative basis, with a view to amalgamating with the grocery society, this to be accomplished through allotting, or selling, the shares to the individual members of the unions. When this has been done Seattle will have the biggest coöperative society in the United States, for the individual members of the unions concerned number many thousands.

In another part of Seattle the plumbers and steamfitters' union bought out a grocery store and soon were doing a big business, amounting to as much as $1,200 a day during the big strike. Here, too, a resolution was passed in favor of reorganization on the Rochdale basis.

The Puget Sound region is dotted with coöperatives, each possessed of the virile energy characteristic of the Seattle Coöperators. A federation has been formed in the Northwestern Coöperative Association, which has behind it the drive of all the labor elements of the state. "The Big Idea," they call it, and as such it is known to all, without further description.

Some mention should be made of another coöperative enterprise established by the Seattle labor men, which has potential possibilities in it for the future of the movement. That is a loan association, the shares

of which have been sold exclusively to labor unions and coöperative societies. If this develops along lines similar to the Narodni Bank of Moscow, coöperation will indeed receive a powerful stimulus along the entire Pacific slope, for that will mean vast funds for the development of coöperative enterprises. The savings of the working classes will be diverted from the ordinary channels of capitalistic trade into the coöperative movement.

Most of the coöperative activity is, undoubtedly, in the West and the Middle West. At least it is in those sections that the members get together and federate, showing enthusiasm for the movement not only because of the saving it offers in the cost of living, but for the social idea it embodies. Nevertheless, there are some examples of successful coöperation farther east. A notable instance is that of the Into Coöperative Society, in Fitchburg, Mass.

In 1910 this society opened a grocery store, which did a business of $20,000 that year. Now the society operates four grocery stores, a men's furnishing and shoe store, and a bakery, all of whose sales combined amounted to half a million dollars during 1918. The society also operates a bank, which has assisted many struggling coöperatives with loans, notably a coöperative housing society in Brooklyn, N. Y. Recently the society took over a milk-distributing route and is now serving a thousand families a day.

In Paterson, N. J., a coöperative bakery was organized some years ago by the Jewish immigrants, who found difficulty in getting the particular kind of bread that suited their taste. But at that time the Purity Bakery, as the enterprise was called, was not run on strictly Rochdale principles. Instead of charging market prices and returning the profits to the purchasing

members, the society put the price of its bread at a little above cost and, if a surplus remained, that was devoted to some public charity, or to strike funds.

Along came the war and the high cost of living, and finally the fixing of the price of bread by the Federal Food Control Board. Bakers from all over the country, it will be remembered, protested against the prices fixed by the government; they would be ruined, many of them said, if they were compelled to sell their bread at so low a price. At about the same time that their telegrams were pouring into Mr. Hoover's office in Washington, the Purity Coöperative Bakery telegraphed, but to this effect: if it must sell bread at the government price, the management would have accumulating on its hands a surplus fund which it would not know how to dispose of; it would be disobeying the by-laws of the society. In other words, the board of management complained of the prices set by the government being too high.

Naturally, no exception could be made in favor of one establishment, and so the Purity Bakery was left to solve the difficulty of having too much money as best it could. Washington was not disposed to sympathize.

Then the management committee called a general meeting of the members and put the situation before them. The result was that a Rochdale constitution was adopted, the surplus was distributed among the members in proportion to their purchases and, hearing of this, so many new members enrolled that the Purity Bakery became one of the biggest baking establishments in Paterson. Since then two similar coöperative bakeries have been established in emulation of the success of the Purity in near-by communities; one in Newark, N. J., the other in Brownsville, a district of

Brooklyn, N. Y., both of which bid fair soon to attain a size equal to the Paterson enterprise.

The universal appeal of coöperation is illustrated in a very picturesque phase of the movement which has taken root down in Tampa, Fla., and neighboring towns. In 1914, after a prolonged strike of the workers in the cigar factories of that section, Gregorio Chavez, one of these Spanish speaking, or Latin, workers, as they call themselves, began agitating for community stores. He knew nothing of Rochdale principles, but he had conceived of the general idea. His efforts caused some dozens of the cigar workers to get together and start a small-store society, on the same scale and in the same way as the weavers of Rochdale had initiated their famous undertaking. A store was not even rented; the goods were bought and distributed of evenings in the private house of one of the group. The initial capital subscribed was fifty dollars, while the society gave itself the optimistic name of El Progresso.

In the beginning of 1917 there were seven of these small groups in West Tampa and Ybor City, with a membership of 450. By February, 1919, there were 21 societies, with a membership of about 1,500, and about half of them were established in regular stores.

But by this time they began attracting the attention of the local retailers, who were beginning to suffer from this diversion of retail trade, amounting now to close on $70,000 a month. Under the leadership of the local representative of the Federal Food Control Board, one Jones, the retailers organized and began initiating a boycott of the coöperatives; they notified the wholesalers that they, the wholesalers, must refuse to sell to the coöperatives if they would continue to sell to the retail trade of the region. All but one, a

Latin wholesaler, Guerra, complied. Guerra, true to his name, refused to be dictated to, and proceeded to fight the ring with the government official at its head.

The coöperatives, by this time loosely federated in a General Assembly of Coöperative Delegates, also took action and hired a lawyer. The latter, who fortunately happened to be an honest man, suggested that the Coöperators save themselves the expense of litigation by an appeal to public opinion, through the board of governors of the local chamber of commerce. This was done, and the case was brought before that body. It then developed that the president of the board was one of the very wholesalers who were boycotting the coöperatives. The members of the board were completely puzzled; they had never met such a case before. Naturally, they could enforce no decision, but the general feeling of the members of this body, representing private business though it did, seemed to be that the wholesalers were acting unfairly. The local press took the matter up, and finally the wholesalers agreed to resume trade relations with the coöperatives.

But now Guerra, the wholesaler who had been disloyal to his trade associates, was made to feel the brunt of their displeasure. He had been appealing and writing complaints to Washington and saying unpleasant things about his associates to local newspaper reporters. They began to boycott him; the jobbers refused him goods and the banks refused him credit. In retaliation he began court proceedings against the leader of the retailers, the food controller, and the coöperatives backed him up strongly. In a legal court, however, the cause of coöperation and the fighting merchant lost out.

In their efforts to get assistance the Latin Coöperators, through their secretary, A. R. Hernandez, got

in touch with the rest of the national movement of the country, more particularly with the Coöperative League of America, and began to discover that they were not wholly based on correct principles. Now they are reorganizing and preparing to establish a wholesale. Great quantities of the Coöperative League's literature have been translated and published in Spanish and spread broadcast throughout the region. Meanwhile the local societies now number 28 and the membership has swelled to 1,700; which has always been the result of attempts to suppress cooperative enterprises. The American elements in Tampa are also aroused and, backed by the labor unions, an American organization has been formed, which publishes a fortnightly paper, *The Coöperative World,* half of which is in Spanish.

In actual figures it is difficult to sum up the cooperative movement in the United States. Years ago the Department of Commerce and Labor in Washington included coöperative enterprise in its statistics, but it has nothing now to indicate the scope of the present movement. Two years ago, shortly after it was founded, the Coöperative League of America, after a thorough canvass of the country, had five hundred societies listed, many of which were later eliminated because it was discovered that they had ceased to exist.

Then came the indorsement of coöperation by the American Federation of Labor Convention, in 1917, under the influence of the Illinois delegates. This undoubtedly proved suggestive to many labor groups throughout the country. A year later, in the fall of 1918, the first national convention of American Cooperative Societies was held in Springfield, Ill., and the success of this conference from the point of view of numbers alone proved a further stimulus. At the

convention was organized the National Coöperative Association, with Dalton T. Clarke, of the Tri-State Society, as president. With tremendous vigor, backed by the funds of the Tri-State, the National Association has set about organizing new societies from its headquarters in Chicago. It has brought together the wholesale societies of California, Seattle, St. Paul and Springfield, and welded them together into a national unit of the international movement, laying the foundation of a national wholesale society. Encouraged by the economic advantages offered by the National Association, which is even now opening branches in New York City and Boston, new societies are easily stimulated into activity.

The Coöperative League and the National Association, the one representing propaganda, the other the commercial aspect of the movement, now have listed over 3,000 American coöperative societies, all of which are undoubtedly in existence at the present moment. The 2,000 societies listed by the League practically all wrote in on their own initiative, showing that they were interested in the educational aspect of the cooperative movement.

What the destiny of the American coöperative movement may be is open to discussion. Compared to such countries as Great Britain, Switzerland, Germany, Russia, and a dozen other European states, we have comparatively nothing to show, though it must be remembered that before the war Russia had even less than we have now. But whatever its future development, cooperation is in America to stay. For already it has passed the most difficult, the most trying, stage: the formation and establishment of the local societies. While these, when well managed, undoubtedly do benefit their members, it is only when they federate and

pool their interests that the benefits become considerable, in a material sense. It is exactly that which the American societies have been doing within the past two years.

PART II

COÖPERATION AS A FACTOR IN THE SOCIAL REVOLUTION

CHAPTER I

LIMITING THE FIELD TO REVOLUTIONARY COÖPERATION

In the foregoing chapters I have outlined the gradual development of Consumers' Coöperation, from its nebulous beginnings a hundred years ago to its present status as a world-wide organization of over fifty million souls. I have attempted to place before the reader a simple record of what coöperation has so far achieved.

Considering only the present dimensions of the cooperative movement, together with its normal rate of expansion, before the war, it must be obvious that what it has so far achieved is only a part, and perhaps only a very small part, of what it has yet to achieve. At the present moment there is nothing in sight which seriously threatens its further progress in the immediate future. Even those who may regard it with prejudiced eyes cannot deny that it is destined to be a big factor in the industrial and social reconstruction which must follow the war.

Utilizing the material before us as a basis, it cannot be altogether unprofitable to make a few constructive deductions regarding the influence that the coöperative movement will exercise in the future development of civilized human society. Certainly there is more than abstract interest in asking: how widely is this revolutionary system likely to expand? What other social forces are there tending to check its progress? Is it an ally, or is it an enemy, of such tempestuous forces

as are now sweeping over Russia and seem even to threaten other countries? Finally, assuming that it does eventually permeate all, or the greater part, of civilized society, how will it modify our present conditions of life?

I have before remarked, and I must again emphasize, that most of the literature dealing with coöperation has led to confusion in determining the true character of the movement. Perhaps it may be presumptuous to set oneself up against the recognized authorities and exponents of the subject, but it is not necessarily superior wisdom which may lead one to disagree with previous opinions. Supplementary evidence may cause a revision of conclusions which were logical enough, considering the limited data on which they were based. I maintain that these supplementary data are at hand in the record of the more recent development of Consumers' Coöperation.

I have already limited the field under consideration to what many authorities still consider only one phase of the subject: Consumers' Coöperation. In presenting my reasons for doing so in more detail, I believe I shall also be helping in a clearer understanding of the essential characteristics of Consumers' Coöperation itself.

As a rule coöperation, considered broadly, has been divided into four chief phases: Productive, Agricultural, Credit, and Distributive. It has generally been assumed that all these different forms of joint effort acted on some common principle, that their interests were mutual and that their ultimate purposes were identical. To this day, it must be remembered, representative societies of any of these groups are freely admitted into the International Coöperative Alliance. In those countries where coöperation is of compara-

tively recent origin, as in Finland and Ireland, the national unions still include all these forms.

This first assumption of a common interest between these various forms of joint effort had some justification in a time when inherent characteristics had not yet manifested themselves. All presented the attractive feature of joint effort among men in humble life. All made their appeals in the name of economic justice for the toiling masses. On this sentimental basis there was a tendency toward coming together.

Then, at different periods in the various countries, according to the degree of coöperative development which had been achieved, a silent disintegration began to take place. There was no open quarreling, but as the local organizations acquired size and strength, they seemed instinctively to realize that all were not birds of a feather, and a separate grouping of each form took place, each society seeking its kind. Not only was there no ill feeling behind this quiet process of rearrangement, but mutual regret was the predominating sentiment. Some subtle economic law had been brought into operation.

Dr. Hans Müller, that critical student of coöperation, from whom I have already quoted so copiously, was one of the first to recognize this tendency as inevitable and to ascribe it to a divergence of interests and fundamental principles. Says he, in his article on the International Coöperative Alliance, in the First Yearbook of that body (1910):

"In a formal way one may regard the coöperative efforts of the various avocations and classes of society, and the organization which they create, as forming a united body and as branches springing from a single stock. But their relations to each other are only seeming and external. If we penetrate into the inner

kernel of the different societies that lie within the same legal shell, we find there not only economic principles and social aims and tendencies which differ widely, but are even opposed to each other — and logically viewed must exclude each other and come in conflict in the conduct of real life. Coöperation has ceased to be a movement which embraces a common social ideal and an identical interest.

"As a matter of fact, no country has been able to form a general federation which includes and furthers all branches and forms of coöperation. The so-called general unions of Germany, Austria, and elsewhere long ago ceased to be entitled to their name. They are, looked at clearly, just as much specialized unions as those whose titles declare them to be such (central union of distributive societies, of industrial societies, of agricultural societies, and so on). The unity of the coöperative movement, which its theorists and first promoters fifty years ago tried to bring into prominence by the establishment of general unions, has long since suffered shipwreck from the actual development of the coöperative movement."

Unfortunately Dr. Müller does not give the basis for these deductions. He points out an effect, but only generalizes as to the causes.

Wherein, then, lies this difference between the interests of men who proclaim the same ideals?

The controversy attending the split between the consumers' coöperative societies and the representatives of one of these four groups, the Productive, or self-governing, workshops, has already been accorded sufficient detail in my narrative. The issue is now dead, for as a movement the self-governing workshops have ceased to exist, except that there is a strong similarity between the theories on which their advocates based

them and those underlying the program of the modern Syndicalists. That we shall consider later. For a comprehensive analysis of the Christian Socialist theories I will refer the reader to Mrs. Sidney Webb's (or Beatrice Potter's) work, "The Coöperative Movement in Great Britain," wherein, as far back as 1891, when the controversy was at its height, she fully justified the consumers' societies in their rejection of the Christian Socialist doctrines, none the less convincingly because she was herself an outsider, holding views opposed to both sides. This book I urgently recommend to those Americans who still associate coöperation with the defunct cooperage shops of Minneapolis and St. Paul and believe that American coöperation died with them.

Agricultural coöperation, however, stands before us in a very different position. It is to-day a live, virile institution and in this country is making gigantic strides forward. Here, save for the possible exception of Brazil, it has reached its highest degree of perfection, in the fruit growers' associations of California and the wheat growers' combines of the Northwest and Canada. Perhaps one of the best examples of this form of American coöperation may be found in the recently organized Dairymen's League of New York State, and to which I shall refer again later. Agricultural coöperation, however, has also experienced marked development in some of the European countries, notably in Russia and Ireland and Denmark, though in some countries, as in England, Scotland, and Belgium, it has so far shown little indication of progress.

For the purpose of comparison let us sum up the essential characteristics of each of these two types of joint effort.

First of all, the immediate purpose of Consumers' Coöperation is the production and supply of goods for the use of its own members primarily. To accomplish this end the necessary machinery must be acquired and set in motion: stores, factories, land, etc. All this property, acquired gradually, as it is needed to supply the increasing membership, is owned collectively by the members, each having an equal share. Social partnership takes the place of private ownership; social profit takes the place of private profit.

Again, in the management of all the operations of the property, each member shares equally. Each has a voice in the control. Finally, membership is open to all comers, regardless of sex, creed, race, or avocation. The basis of the membership is a human being, pure and simple. Potentially membership includes all society — it is all-inclusive. Consumers' Coöperation is essentially a social movement, for the interests it represents permeate all society.

An agricultural coöperative society consists of a number of farmers who combine in selling their produce. Their purpose is to increase the financial returns from those sales, first, by reducing the charges of the middlemen. By pooling their sales they create a volume of business big enough to justify special agencies of sale, over which they have full economic control. Secondly, where conditions permit, they endeavor to maintain a high level of prices for their goods by regulating the volume of their sales, through holding up shipments and storing their goods when there is a downward tendency in the market. In some cases, as with the Dairymen's League of New York, they may even hold up the supply entirely until their demands are complied with. Thus it will be seen that a farmers'

association is more truly deserving of the name "distributive" than a consumers' society.

For, as a matter of fact, coöperative action does not begin until the productive stage has been entirely passed. Going back to the beginning, the farmer, as a private individual and on his own personal initiative, invests his private capital in a certain amount of land, buys his own machinery and produces, sometimes entirely with hired labor, certain commodities destined to be sold on the ordinary speculative market. The land, the labor-saving machinery, and the produce, all are his private property. The unit of membership of a farmers' association is not a person, but a private business interest. Is that not borne out by the fact that the qualification for membership is the ownership of a productive plant representing a certain amount of invested capital?

And while agricultural associations do sometimes eliminate the commissions of the middlemen by placing them on a salary basis, they do not eliminate private profit, for the goods are sold at as big a margin above the cost of production as possible, and this margin goes into the pocket of the original seller, the farmer. True, this margin is very often not more than a just return for the labor involved in the production of the goods, but the margin is not regulated on that basis. It is a purely speculative margin. Even personal supervision of the production of the goods marketed is not a required qualification for membership. Not a few of the members of the California fruit growers' associations are mere business men, possessed of no technical knowledge whatever, who have invested capital in some hundreds or thousands of acres of fruit land, have placed a superintendent in charge, and enjoy substantial revenues from estates which they visit only

once or twice a year. Whether such cases are typical or not is entirely irrelevant. Others, again, through the economic strength given them by the association, are able to hold their produce for a rise in the market and thus, by pure speculation, gain handsome profits which certainly have no relation to the amount of labor expended. A coöperative grain elevator is nothing more nor less than the machinery for joint speculation.

Wherein does an agricultural coöperative association differ from those combinations of small manufacturers who attempt to raise profits by joint advertising and marketing and by controlling supply, until sometimes a trust is created? Wherein is the social character of an organization whose membership is strictly limited to men of one line of business?

Nor need one seek far to discover concrete illustrations of this fundamental diversity of interests between the organized farmers and the organized consumers. Within the past two years the New York dairymen have, through their combination, raised the price of milk to the ultimate consumer from nine to fifteen cents a quart. I do not deny that previous to their organization the dairymen may have been receiving too low a price for their milk to pay for actual labor. But the same power which they employed in raising their remuneration to a level in accordance with justice could also be employed in raising it still higher.

Another notable illustration of the conflicting interests between the two forms of organization under consideration is the coffee growers' associations of Brazil. The Brazilian coffee planters first organized along the usual lines, then entered into a contract with the Brazilian Government whereby the latter built them warehouses in which they could store their coffee. So that the planter should not lose the interest on his idle

capital, the government advanced him money on it. Through this system of storage, "valorization scheme," as it was called, shipments could be so regulated that a steady level of high prices could be maintained in the coffee markets of the whole world, the result being that among some millions of poor workingmen's families throughout Europe coffee became an almost unattainable luxury.

Again, we have the instance of the wheat growers' association of western Canada who, at the beginning of the war, sent their representative to bargain with an agent of the British Government for a "just price" for wheat to the British public and the British armies in France. The British Government's representative was horrified by the demands of the farmers' representative.

"Have you no patriotism?" he demanded hotly.

"I am not a Britisher myself," replied the farmers' agent. "I am a citizen of the United States." This was before the United States had entered the war. The Canadian farmers obtained their price.

In the same way the buyers of the British coöperative wholesale societies were also held up for high prices. They quietly bowed their heads before a superior power, but some months later it was announced that the English and Scottish wholesale societies had purchased ten thousand acres of wheat lands in Canada.

But already before the war a realization of the situation had been creeping in among the consumers' societies, not only of Great Britain, but of the Continental countries as well. To be sure, there are still idealists in the movement who are deceived by outward appearances and call for "unity." Such an appeal was made not longer ago than in 1913, at the last international coöperative congress, held in Glasgow.

In speaking on the question thus raised, a Swiss delegate, Herr Angst, said of the situation in Switzerland:

"All our agricultural societies have banded themselves together into powerful peasant organizations and have acquired such strength that they control the highest authorities in our country, and if we were to express the wish that they should join our International Coöperative Alliance we should at the best call forth a sympathetic smile at what would be regarded as weakness on our part and our suggestion would be sternly rejected. In my opinion the inclusion of the Swiss peasants' coöperative societies would weaken and maim the activity of our Alliance. The interests of the Swiss agricultural societies are diametrically opposed to our interests. I do not understand what interests the Alliance could have in common with the agricultural societies. The Peasants' Union in Switzerland is the bitterest enemy of our coöperative movement, and seeks to hinder our development in every possible way. This union fears that the consumers' societies will unfavorably influence the prices it has fixed, and, therefore, it seeks to suppress the formation of coöperative distributive societies. The Peasants' Union prefers to trade with private customers, for it is firmly convinced that the unorganized consumers can do less than the organized in opposition to its interests. If the peasants' organization makes any profits it divides them according to the number of shares held by each member. . . ."

Mr. Angst's words, of course, represent a situation which is only reached where both forms of organization have attained large dimensions, as is the case in Switzerland. Each side has acquired a large amount of economic power in the exercise of which it has

come to realize, from actual experience, that there is a clash of interests. In a country like Russia where, though size has been attained, both movements are still young and have had little practical experience, no such realization has been reached and joint federation is still maintained. Yet it is significant that there is at present a bitter division among the members of the committee to America; between those representing agricultural societies and those representing consumers' societies, over the question whether the Koltchak government should be recognized. It is characteristic that the agricultural societies should be in favor of Koltchak's reactionary tendencies. The same is true in Ireland, where the agricultural organizations, in the form of a joint wholesale, have full control of the recently developed consumers' movement and are able to fix the prices at which their produce shall pass into the hands of the consumers.

Again and again the point is raised that the agricultural producers and the consumers are dependent on each other. But we are not discussing agricultural production — as such. I have been considering only the system by which it is carried on and how this system creates a special interest for those now directing the agricultural industries; the interest of private profit. The farmer as a worker we shall consider later.

While all forms of enterprise based on private profit are no doubt dependent on the consumers of their products, the consumers are by no means dependent on them. Or, at least, the road to independence lies open before them. At one time the consumers' societies were dependent on the wholesale merchants. The wholesale societies have released them from this eco-

nomic bondage completely, and they are not very far from having freed them from the private manufacturers as well, in Great Britain, at least.

When the British wholesale societies purchased their tea estates in Ceylon, they thereby acquired a certain degree of liberation from the tea planters' associations. At any rate, the latter dare no longer apply pressure, for the immediate result would be the acquisition of more tea land on the part of the coöperative organizations. When the wheat growers of Canada showed themselves disposed to take advantage of the coöperative organizations by exercising their joint economic power over them, the coöperative organizations were not long in showing that they had in their hands an economic power vastly greater. Those ten thousand acres of wheat land will supply only an infinitesimal part of the wheat needed by the coöperative flour mills in England and Scotland. But that land constitutes an entering wedge; it is nothing less than the point of the knife held against the breast of the capitalist producer of wheat. Against this threat he stands absolutely helpless. Those ten thousand acres can so easily be expanded into fifty thousand, into five hundred thousand. And coöperation can command labor where the capitalist producer cannot, for it can afford to pay higher wages.

Will there, eventually, be a fight, a bitter life-and-death struggle?

Or will the agricultural producer realize some day that he, too, is a consumer?

There still remain a few words to be said regarding that fourth "phase" of coöperation: mutual credit, but they need only be very few. Mutual, or coöperative, credit, as its name indicates, consists of a number of individuals who join together to pool their sur-

plus savings with the purpose of eliminating the profits of the banker, or money lender. A credit society is only a coöperative bank, the profits of which are more or less equally divided between lenders and borrowers. The character of the society depends entirely on the character of the members.

I have already referred to the German Schulze-Delitzsch societies of Germany, which have spread all over Europe. Here the members are chiefly small tradesmen and manufacturers who pool their surplus capital so that they may at once enjoy the highest rate of interest and lend capital to those of their associates in temporary need at the lowest rate of interest. There the act of association begins and ends. We may, therefore, without further discussion, eliminate them from the field of the genuine coöperative movement.

The agricultural coöperative unions, first organized by Reiffeisen, are the same system employed among small farmers, a modification of which the Department of Agriculture in this country is now attempting to introduce among American farmers. Among the poorer peasant communities of Germany, Austria, Hungary, Russia, and the Balkan states these societies have been very beneficial to the small peasant landowners in driving out the village money lenders. But as the object is supplying capital for private enterprise, it is obvious that these institutions are in the same class with the Schulze-Delitzsch banks and have nothing in common with our consumers' coöperative movement.

In large cities and industrial centers credit societies are sometimes organized among the working classes. These are much in the nature of coöperative savings banks. They usually precede the appearance of the

coöperative stores because they require very little skill or effort to establish. Quite a number are already established in this country, notably in New York, where the Sage Foundation has waged a strong propaganda in their behalf, as "encouraging thrift among the lowly." As a matter of fact they are a most effective weapon against the loan shark; much more effective than any amount of legislation could ever be.

Societies of this class undoubtedly have a close affinity to Consumers' Coöperation. But where the regular consumers' societies begin to appear, they disappear, the consumers' societies taking over the functions of the credit societies as a part of their business. There is no more need of separate organizations for banking than there is for the supply of bread or onions or ham, except when coöperative banking is federated, or centralized, for major financial operations within the movement. Then there is something to be said in favor of the Russian system, as against the British system. To have the financial machinery of the movement under separate control should have the tendency of lessening the danger of bureaucracy, in that it would split the power of the higher officials, as a body. It is well that those who spend the money should not also have the strings of the purse in their hands. But so far as each community is concerned, there is no danger of concentrating power into too few hands, and the local society, as is the case in Great Britain, may well handle the business of food distribution, banking, insurance, and even housing, all on the same coöperative basis.

In the same way the Reiffeisen credit societies will also tend to disappear as the agricultural sales societies become bigger and extend over a wider territory of activities.

CHAPTER II

COÖPERATION AND SOCIALISM

In contrasting Consumers' Coöperation with the agricultural associations I think I have at the same time emphasized the revolutionary character of the former and made it obvious that the latter are an integral part of the capitalist system. Therefore the attitude of Consumers' Coöperation toward the organized farmers will be identical with its attitude toward the whole capitalist system.

And what is that attitude? Is it open attack? Have we here the class struggle of the Marxian Socialists? Will this opposition of interests develop more definitely until finally the climax is reached and the social revolution is precipitated?

Beyond any doubt Consumers' Coöperation is an anti-capitalist, revolutionary movement, aiming toward a radical social reconstruction based on an all-inclusive collectivism. Does this mean that it is standing shoulder to shoulder with the Socialist parties and, with them, is fighting for the total destruction of capitalism?

Between the Coöperator and the political Socialist there is undoubtedly a certain degree of affinity. The same hatred of the inequity inherent in capitalism, and the desire for a fundamental democracy that shall penetrate below the superficial shell of a mere political government animates them both. They go even further than that together, for both attribute all industrial evils to the same cause: the institution of private profit.

In a campaign of destructive criticism of capitalism they might well join hands and work together.

But when they come to constructive action their roads part. To some it may seem that these diverging paths join again, in the distant future, as the rising ground overlooking the promised land is reached. If State Socialism is the final goal of the Socialists, then obviously there is no prospect of future reunion. Who, for a moment, imagines that the British Co-operators will hand over their vast flour industry or their gigantic shoe factories to a central body of politicians in London the moment the Labor party captures a majority of the seats in Parliament? True, State ownership does not represent the ideal of all Socialists. But in so far as complete State ownership and monopoly is rejected by the Socialists themselves, the modifications are in the direction of direct control by organized groups of workers: Syndicalism. This tendency hardly travels in the direction of Consumers' Coöperation. That theory has been bitterly fought before, and it would be fought again, all the more intelligently and stubbornly because of past experience, and with none the less prospect of success on account of the greater development to which coöperation would by that time have attained.

Furthermore, it must be admitted that there are some spokesmen for Socialism, among them such American leaders as Morris Hillquit and Meyer London, who foresee the influence which the consumers' organizations will wield when once Socialism is in a position to begin practical reconstruction and are willing to admit them as an integral part of the general organization. In Great Britain Mrs. Sidney Webb, a Fabian Socialist, recognizes the fact that whatever territory the Coöperators possess themselves of mean-

while they will hold when once Socialism begins taking control. But this, to her, is nothing more than a sort of a reservation apportioned to a friendly tribe of Indians and will cover only about a fifth of the total industries.

In 1910 an international Socialist congress, assembled in Copenhagen, passed a resolution indorsing Consumers' Coöperation, urging all Socialists to join consumers' coöperative societies, and recognizing them as "an effective weapon in the hands of the working classes in waging the class struggle." The eighth international coöperative congress, which was in session at the same time, in Hamburg, on receiving the message from Copenhagen, passed a resolution of thanks, "without any reference to politics," but it did not then, nor did it three years later, at Glasgow, pass any resolution indorsing Socialism.

Does Consumers' Coöperation recognize that basic doctrine of Marxian Socialism, the class struggle?

Decidedly not.

From the point of view of the Coöperator there is indeed a clearly defined cleavage between its own system of industry and that of capitalism. But this is not a class-to-class struggle. First, consumers are not a class. That personal interest which draws the individual into the membership of the consumers' organizations is equally live and equally pertinent to every member of society. If there are multitudes who have not yet joined, that is because knowledge of coöperation has not yet become universal, while others again attach more importance to their special class interests, or privileges. The interest of the consumer is universal, all-inclusive, as broad as the earth itself.

On the other hand, capitalist interests, among which we may include those of the agricultural associations,

are not uniform. Indeed, capitalism is broken up into countless groups, large and small, each of which is separated from all the others by the same chasm which separates them all together from Consumers' Coöperation. To the stockholders and the officials of the big corporations manufacturing clothing the stockholders and the officials of the big shoe manufacturing companies are not fellow capitalists; to them they are consumers. To the manufacturers of agricultural machinery all farmers are consumers. To the manufacturer of automobiles John D. Rockefeller himself is only a consumer. This diversity of interests penetrates even into a field which might be considered a solid whole: agricultural production. Between the very associations we have been describing there is this same split. As a concrete instance, among the American wheat growers there is a strong sentiment against the Mexican sisal planters, who have done exactly what the wheat growers are doing: combined in an agricultural association and raised the price of the twine which the American wheat grower must use for binding. And the members of both these classes of agricultural association, the American wheat growers and the Mexican sisal planters, are in their turn exploited by the Brazilian coffee planters, who, by the same methods, have raised the price of coffee.

To this diversity must be added still another division breaking into the very groups themselves, setting individual against individual: competition. If one shoe manufacturer recognizes another shoe manufacturer as a brother capitalist, as he does in his manufacturers' association, deeper down, even though it be only subconsciously, he also hates him as a rival. When was any class struggle so bitter or so well defined as a rate war between railroads? And how

lavishly have the orange growers of California spent their funds to oust the Southern European orange growers from the New York market. What is a "protective" tariff but a legislative measure which one capitalist group employs to harm another capitalist group?

From so divided a camp coöperation has so far had nothing to fear. True, as I have recorded in my narrative, there have been violent clashes, and there will probably be bigger fights in the future. But when the meat interests of Glasgow attacked the Scottish Wholesale with so much determination, they may have had the sympathy of the private shoe and the private clothing interests, but they certainly received no material support from those natural allies. In still earlier days the grocery wholesale merchants of England attempted to initiate a general boycott of the English Wholesale Society, which was then a mere purchasing agency. The manufacturers who did respond to this appeal were those who numbered the wholesale merchants among their chief customers, but the coal-mining interests and the railroad interests were not even aware of the movement. And when the Swedish Wholesale Society quietly broke up the Swedish sugar trust, there was no indication at the time that the Swedish bankers were even mildly interested. On the contrary, a national parliament, presumably composed of a majority of "capitalist party" representatives, administered to the fallen food combine a few extra kicks for luck.

On the other hand, coöperation has no need to attack the capitalist groups. When special interests, suffering under immediate competition with some newly established coöperative enterprise, have ventured to deliver their futile assaults on the coöperative citadel, coöperation has indeed struck back, sometimes by eco-

nomic action, as in the case of the Scottish Coöperators, who built their own soap factory when the Sunlight Soap Company attempted to dictate to them, and again in the form of propaganda. But it would be illogical, and more than likely it would also retard the movement harmfully, were the coöperative movement to adopt an aggressive policy in its attitude toward capitalist industry. On the contrary, in the case of the agricultural associations, where the capitalist element is so diffused among a great number of individuals, it is to the interest of coöperation to travel slowly and with careful steps. First, it must consolidate and organize all that it has before it advances. Salients are especially dangerous to coöperation. Its whole line should advance together. These are technical reasons. Then there is the human reason: that whatever radical changes coöperation creates in individual industries should be accomplished as gradually as possible, so that the minimum amount of harm may be worked to the individuals directly concerned, even though those individuals be capitalists.

For the interest which permeates the whole coöperative movement spreads over and through the units of capitalism as well. As a devotee of private profit the farmer may be opposed to the coöperative movement, but as a human being he is also a consumer, therefore, to the conscious Coöperator, a prospective brother and a fellow member. A consumer he always has been and always must be; a farmer in business for himself he need not always be. It would be the height of folly for the coöperative organization to rouse his animosity to fighting heat before he has had a chance to consider fully whether his social interests or his class interests predominate. The longer he has to consider, the more thoroughly he has the practical

working out of coöperation demonstrated to him, the more likely he is finally to decide in favor of his social interests.

Thus coöperation, in contrast to the political action of the Socialists, advances by means of economic action. True, considering capitalism as a mere system, it will be harmed by this process, perhaps eventually destroyed as an institution. Its growth will first be checked, then it will suffer from starvation. In the field of manufacturing this process is already clearly indicated in Great Britain. The Coöperators are already in possession of the biggest flour-milling plants in the kingdom. These, first of all, have already limited the profits of the private millers by competition. As they increase in number and output, private milling will gradually come to a standstill, until finally, when over half the population is using coöperative flour, as one-fourth is already using it, private flour mills will no longer be established and every old one going out of business will tend to decrease the private flour-milling industry. But so gradual is this change, or transformation, that nobody is suffering in consequence. Presumably the superintendent of the big coöperative flour mills at Newcastle, now the salaried servant of the coöperative movement, would have been a prominent flour manufacturer and a capitalist, had coöperation never appeared, but he would probably be the first to deny that thereby any harm had been done him.

In the field of agriculture this process has hardly made a beginning. The few thousand acres of tea lands owned by the British Coöperators have probably not reduced the membership of the tea planters' association in Ceylon by more than two or three dozen individuals; the ten thousand acres of wheat land in

Canada perhaps will represent from fifty to a hundred vacancies in the wheat growers' associations of Canada. Nevertheless, even so little is enough to indicate the path that coöperation will travel through the field of agricultural production. Here enough has been established in actual fact on which to base deductions worth volumes of abstract theories by the wisest social philosophers. It establishes the principle that land, the original source of the production of the necessities of life, shall be owned collectively and controlled democratically by the users thereof: the people as consumers.

Using our facts as a basis, there comes the temptation to build a Utopia, after the fashion of Bellamy and H. G. Wells. Developing them with the aid of a little imagination, we might paint a picture of the cooperative commonwealth of the future, a consumers' paradise. And, after all, is that so violent a leap of the imagination, from a coöperative movement in Great Britain, including nearly a third of the total population, to the same movement, including the total population? What would Great Britain be like under universal coöperation?

But such a finished picture I do not care to consider. Bellamy's socialized state has always seemed to me a sort of an idealized Prussia, nor do I believe any Cooperator would view such an ending as anything but tragic. Herein lies a fundamental spiritual, or psychological, difference between Socialism and coöperation. Marxian, or revolutionary, Socialism would be grimly complete. It is based on the principle of all or nothing, in its purest manifestation.

Not so coöperation. Coöperation is a voluntary movement. It is opposed to the idea of conscription. Between the industrial system which would include

999 socialized flour mills and one private flour mill, and the industrial system which would include all of the 1,000 socialized flour mills, there is the difference between two universes.

The Socialist would create, or take over, a whole industry; then, by legislative enactment, completely destroy all competition. He would create a State monopoly.

Theoretically coöperation would accomplish the same end; that is, the complete socialization of a given industry by means of coöperation. But it would always leave the door open to the private capitalist who could, or thought he could, carry on business in competition with the socialized industry. The attitude of coöperation would be that if the private capitalist were successful in his attempt, then there would be sufficient ground for an investigation into the administration of the socialized industry.

Coöperation would not appeal to the arbitrary methods of legislation to remove its opponents from the field. If it overcomes them, it will do so in open competition on a fair field, and the victory it achieves will be through its own inherent superiority over its opponents. In the economic arena it feels itself irresistible, competent to meet all attacks. Coöperation has no need to appeal to political action to establish itself.

And this is a fact which the Socialists refuse to recognize; that legislation may regulate a new social order, as it develops, but it cannot create a new social order. The traffic policeman, representing municipal law, may ease the congestion of the street traffic by regulating it, to a limited extent. But finally the street must be broadened, and then the policeman is relegated to the background, until the laborers and the builders

and the architects and the engineers, dealing with material substances, have done their work and gone away.

Capitalism, as an industrial system, was not legislated into existence, and it will not be legislated out of existence. Capitalism acquired its power and consolidated its position step by step; by economic action. It is by just this same evolutionary process that cooperation will acquire supreme power and take the place of capitalism. Once in position, capitalism did indeed, through its political parties, regulate conditions. The enactment of corporation laws followed corporations; it did not precede them. Capitalism has also employed legislation in rendering its position more secure; all anti-labor laws are of this nature. When the Socialists propose to lift a new social system into place through legislation, they are in the position of the man who would lift himself by his own shadow.

But this is not to say that coöperation must entirely ignore politics; that, too, would be a dangerous course. Hitherto it has done so, outside Belgium. But in 1917 the British coöperative movement definitely declared for participation in politics, and in Russia coöperation during the Kerensky régime took the same attitude. It is significant that in neither case did this action consist of affiliation with the Socialist parties.

For coöperation must necessarily have a political program of its own. First of all, it must defend itself against restrictive legislation, such as was passed in Germany against the movement. It was the need of doing this that drove the British Coöperators into politics. Food regulation having become so prominent a state function during the war, the British Government appointed on the various food administrative boards men closely associated with the big capitalistic interests of the country. These, naturally, have taken

all the measures in their power to harm the coöperative movement. Their influence, together with that of the capitalistic representatives in Parliament, was sufficiently strong to impose a tax on profits which was made to extend to the surpluses of the coöperative societies, which is, of course, not profit at all. It was to protect itself against such unjust measures that British coöperation went into politics.

Secondly, coöperation, as it creates new social conditions, must exercise its political power in regulating the new conditions, as capitalism did during its progress. Being founded on a universal social interest, this will be a simpler task than that with which capitalism had to contend, within whose fold, as already pointed out, there are so many conflicting interests to be adjusted. Formerly this was done through individual legislators, looking to the coöperative vote through other parties, or disinterested partisans of the movement. One of the most definite tasks before the cooperative members of Parliament will be the enactment of a great deal of labor legislation. Coöperation, which not only stands for trades-union conditions in its own establishments, but attempts to grant more than these conditions demand, finds itself seriously handicapped in the competition which the private industries are able to exercise in this field. Obviously it cannot pay much higher wages than the private manufacturer, without making the consumer pay higher prices. Through legislation coöperation can force the capitalist to meet it on equal conditions where labor is concerned. Here the coöperators, naturally, will find the Labor party a strong ally, and already the Labor party has paved the way in this direction some distance ahead. Coöperation, too, in all countries, naturally stands squarely for free trade; it is

against any sort of tariffs, protective or otherwise. Indeed, Mrs. Sidney Webb says that England's policy of free trade has been chiefly due to the subterranean influence of the coöperative movement. Now it may exercise its influence directly, therefore more effectively. It will also be obvious that coöperation would always be inclined to support, and perhaps initiate, such legislation as would tend in the direction of the Single Tax.

But again I emphasize the fact that this is all secondary matter to the coöperative movement; the cavalry to its main army, as it were, skirmishing ahead and guarding the main body from surprises. While the Socialist pins all his faith to his political vote, as a citizen, the Coöperator exercises his power chiefly through his economic vote, as a consumer. Here minorities may exercise their proportionate degree of power without having to wait for ignorant majorities. Here, too, there is universal suffrage. For even the old grandmother, as she sips her tea, may decide whether or not capitalism shall have the support of the twenty per cent. profit on that tea. This vote she may exercise every day of the week, as often as her health and purse will permit. Even the baby has a vote, in the milk it sucks from its bottle, though this vote, it must be admitted, papa or mamma probably casts as a proxy. These are the votes which really matter to the capitalist system, and which shall decide its fate. And the capitalist realizes it; witness the millions he spends in campaigning for such votes, not once in four years, but day by day, in the acres of newspaper space he devotes to advertising.

But though we may refuse to contemplate such absolute Utopias as the Socialist would impose on us by majority vote, there is no reason why we may not

attempt a tentative survey of the probable limits to which coöperation may some day extend. Being based on the volition of individuals, it is hardly conceivable that coöperation will ever become absolutely universal. Capitalism, though it is now at the apex of its power, has not completely abolished the handicrafts. And why, in fact, should not the man with a new invention or a new device have the right to exploit it commercially? Why should there not always be room for the private publisher, not only of books, but of periodicals based largely on the expression of personal opinion? Some means there must always remain open to personal criticism of public affairs, and the organization, or organizations, controlling public affairs, no matter how democratic their principles, should be the last to control the press. This principle is embodied in the fact that in Great Britain *The Coöperative News,* the official organ of the British Cooperative movement, is owned and controlled by an independent coöperative organization. Universal cooperation would, indeed, make for a radical modification in our present system of periodical publication by removing the foundation on which it is now supported: advertising. It is not unlikely that private publications would have to look largely to their subscribers for financial support, but the increased subscription rates would perhaps not be out of proportion to the increased prosperity of the masses.

Then why should we abolish the man with original designs in furniture, in wall papers, in rugs, or in pottery, who might open a little business of his own and, on the strength of his own individuality in creative work, venture to compete with the more conventionally designed and more uniform products of the coöperative factories? Why should not the inventor of a new

and useful device have the monopoly of his own invention for a period of years and by virtue of this monopoly establish a new industry? By the time the patent right had expired, he would have gained his just reward and, if the importance of the industry warranted it, it could be taken over by the coöperatives. Or he might sell it to them in the beginning. These are merely tentative suggestions, outlining the possible boundaries between the private and the public industries.

The same would apply to agriculture, perhaps more widely. Capitalism to this day has not penetrated agriculture to the same extent that it has permeated the manufacturing industries. The small farmer of the present is in actual fact nothing more than the master craftsman of a century ago. To the extent that labor-saving machinery may be applied to agriculture on a big scale, as in the production of the grain crops, or potatoes, cotton, fruits, etc., we may look for an extensive development of consumers' cooperative agriculture. The reaper, the harvester, and the tractor are the logical tools of a collective body. We may even look to coöperative industry including the herding of vast flocks of sheep or herds of swine and cattle, and so prolonged an operation as the production of timber, once the natural forests are depleted, would naturally come under the head of public enterprise. Local coöperatives will also engage, as they are in fact beginning to do now, in extensive truck gardening in their own immediate localities.

But to the enthusiastic horticulturist, who may not choose to engage in the public service, and who can produce a more delicious peach than is grown in the vast public orchards, there should always remain open

a remunerative market. The poultryman who devotes himself to the breeding of superior fowl, the gardener who can produce a frost-defying cucumber, or who can impart special flavor to a strawberry: these are men who may defy any social system. It is only the big operator of hundreds of thousands of acres on the one hand, and the poor, plodding farmer of no special ability and with a perpetual mortgage over his head who will be eliminated. Both will be reduced to the status of social servants, and who shall say that the latter will suffer thereby?

Coöperation, because of its very bigness and breadth, cannot ever entirely eliminate private enterprise. Its legitimate territory is within the older and the bigger industries. Private enterprise belongs to the newer and the smaller industries, where markets are limited and human ingenuity may have full scope. The boundary between this broad center of collectivism and this outer fringe of capitalism will be determined by economic laws; certainly it should not be fixed by legislation. By economic laws I mean competition, in its best sense. The trouble with modern capitalism is that it is ceasing to be competitive. If the private manufacturer can produce chairs and tables more pleasing in design to a certain number of people than the chairs and tables turned out by vast coöperative factories, which would not be unlikely, those certain people will patronize him, even though his prices may be higher, which would be inevitable. But the moment he attempts large-scale production he, too, will learn that artistic tastes differ and so he will be reduced to conventional designs. It is then that he will find himself unable to compete with the coöperative factories, because his creative talent will no longer be

an asset to him. Thus his growth to undesirable size will be limited by economic laws, without the need of legislation.

The contrast between Coöperation and Socialism, however, goes below these outward manifestations of principle or method, down into a fundamental difference of underlying human psychology, which is too subtle to be easily defined.

Throughout all social organization two conflicting tendencies invariably manifest themselves. In this country Thomas Jefferson represented one; Alexander Hamilton the other. One represented what is commonly called "states' rights," while the other stood for Federalism, centralization. Jefferson stood for the individual; Hamilton for the State.

The conflict of principle between these two men is universal. Only ten years ago the organized revolutionists of far-away Macedonia, knowing absolutely nothing of Jefferson or Hamilton, were on the point of flying at each other's throats over this issue; whether a central committee should be all-powerful, or whether it should be merely a clearing house of proposals for joint action between local organizations.

This split runs down through the whole history of the revolutionary labor movement. It manifested itself when the first definite mass organization was attempted, in a quarrel between Marx and Bakunin. Marx, though a Jew by blood, was a German by psychology; Bakunin was a Russian. Each was a representative of the psychology of his people. Had Bakunin possessed a more logical mind he might have caused the split in the international revolutionary labor movement to divide it more equally. But his misty doctrines turned away all the practical-minded, and only the extremists, those guided wholly by intuition,

separated themselves from the Socialists and called themselves Anarchists.

Yet Bakunin's intuition reached higher into the rarified atmosphere of human liberty than did Marx's more pretentious structure of scientific reasoning. There is a certain grim logic about Socialism, but unfortunately human liberty cannot entirely be built on logic. The assumption that conditions which will make one million human individuals happy must necessarily make two millions of individuals happy is perfectly logical — but absolutely untrue.

To my mind the recent great war between Prussianism and the rest of civilized mankind, considered in its broadest aspect, is this same conflict assuming universal scope in a world awakening to democracy. Marx, Lasalle, and Engels were Germans, and their doctrines were based on a German, a Prussian, psychology. Between Lasalle and Bismarck there was an affinity which had practical results. Each influenced the other.

Under the pacifism of the majority of present-day Socialists of those countries at war with Germany there is a deep psychological basis. For under an outer shell of imperialism Germany had developed a social system which, in essential characteristics, was truly Socialistic. Not Emperor William or even the Crown Prince were attempting to overpower mankind; behind that attempt there was an impulse born before either of them. It was the German people, inspired by an ideal which they would enforce on the rest of the world by a force no less arbitrary than the force of political majority rule, and no less unjust, no less undemocratic. To the extent that this German ideal had spread to other countries, to that extent there was sympathy for Germany's efforts in the "enemy countries," manifesting itself in the

attitude of the various Socialist parties, in greater or lesser degree. The split which this attitude has brought about in the various organizations is only a continuation of the split which sundered Marx and Bakunin.

Herein lay the strength of the German armies against superior numbers. They were inspired by an ideal which, however repellent it may be to most of us, is still a social ideal, and not mere greed for conquest. Their efficiency, their solidarity, their devotion to logical completeness, their very disregard of the rights of individuals, are all dominating qualities of Socialism.

It was their failure to understand this that defeated Trotzky and Lenin in their attempt to revolutionize the Germans. For though they and their Bolsheviki following are Socialists in name, temperamentally they are Russian, therefore Bakuninites, Anarchists. Their whole policy of internal organization, based on the local soviets, their principle of "self-determination," their early ideal of a Russian Federal Union, and, finally, their willingness to compromise with the co-operative organizations, all proclaim what one who knows the Russian mental attitude toward society might already know. The Russian ideal, presented to the German masses through the tons of literature passed over the fraternizing military fronts during the Brest-Litovsk peace negotiations, made little impression on the Germans. Eventually the German masses did revolt, but it was not to join the Russian Bolsheviki, but to bring the war to a close. Later, when "Bolshevism" did manifest itself to a minor degree in the Sparticide uprisings, those same German revolutionists turned on them and suppressed them

unmercifully, murdering their two chief leaders with ferocious cruelty.

I realize that there will be no little protest on the part of most Americans against an attempt to prove affinity between Thomas Jefferson, Michael Bakunin, and Lenin, even though this include recognition of Jefferson's mind as the clearer of the three. But there is this in common between them: each instinctively recognizes the superiority of the individual over the State; while Lasalle and Marx raise the State above the individual. Jefferson would have authority initiate from below, mounting upward. Marx would concentrate it in a center, radiating outward and downward. Jefferson was a democrat. Marx, at best, was only a republican. And he could even accept imperialism as an inessential detail.

If I seem to have digressed it has only been to create a broader foundation for a clear understanding of the true psychology of coöperation. Coöperation is based on a conception which Jefferson first defined and which Bakunin tried to elaborate. To this extent they were the inspired prophets of coöperation.

For coöperation would base all social authtority on the individual, the local group, and would delegate this authority to central bodies only through federation for special purposes. It abhors centralization and centralizes only such institutions as have outgrown local conditions. It makes for efficiency, certainly, but it does not make efficiency an aim above social happiness. For it is based on the happiness, the free will, of the individual. It desires to include no one it cannot benefit. It rejects the theory that what is good for nine, is good for ten. It has no passion for logical completeness; it has no desire to become so universal

that every individual shall be included within its system. When coöperation has spread just so far as it can benefit human beings, it will stop, and be perfectly content to stop. Within coöperation there is no impulse to extend the authority of one group over another, much less to extend any authority to outside elements. But on the other hand it is bitterly opposed to the intrusion of outside authority within its own domain. Outsiders may devise whatever social systems they may choose, but they must be careful not to bump the corners of their systems against the sides of coöperation. Coöperation is the very antithesis of imperialism. It is, in short, Anarchism rationalized.

CHAPTER III

COÖPERATION AND LABOR

THERE remains still one great social force whose relation to Coöperation I have not yet considered, and that is labor. Being the most important, I have left it to the last.

Socialism, ostensibly, is based on the class interest of labor, but this is only true to the degree that it becomes modified away from State Socialism. State Socialism, obviously, is based on citizenship, and would only benefit the worker as a member of society, and this quality it has in common with coöperation. For this reason many Socialists, whose conceptions of social justice are based entirely on labor, desire to modify State Socialism in the direction of Syndicalism, whereby they would have the organized workers in each industry share in the control with the State. Traveling in this direction, we finally come to Syndicalism, which does not recognize the interests of society at all, but only those of the organized workers, with a strong preference to unskilled labor. And as the Socialist tends in this direction, so does he lose faith in political action and inclines to rely on industrial action; continuous and general strikes, sabotage and even violent revolution. The social scheme proposed by the Syndicalists, if anything so crude may be termed a scheme, is that the workers themselves shall control each industrial plant on a democratic basis, cohesion in the general management of all the industries being accomplished by means of

federation. Some Syndicalists would modify this by forming joint central committees, or commissions, with representatives of society in general. Nevertheless, Syndicalism considers labor the predominating interest in society and would subjugate all others to it.

This brings us back to the Christian Socialists, and while it may seem absurd to attempt to prove affinity between Charles Kingsley, a church prelate, and Thomas Hughes, author of "Tom Brown's School Days," on the one hand, and the syndicalist leader James Larkin and our own William Haywood, of the I. W. W., on the other, their ultimate social ideals were almost identical. Their differences were only in method. Instead of the general-strike methods of the I. W. W., Kingsley and Hughes believed in the economic development of the self-governing workshop to universal dimensions, and when they saw the impossibility of making any headway by such means, they advocated a quiet revolution within the territory of capitalism itself, through profit sharing, a form of partnership between the worker and the capitalist wherein they hoped that the worker would ultimately squeeze his partner out of the premises. With this basis for social reorganization, coöperation, as we have already seen, has no sympathy. When such Syndicalist leaders as James Larkin proclaim themselves champions of coöperation, it is only because they do not grasp the true basis of coöperation.

At first glance it would seem that coöperation has nothing to offer Labor, as such. The forty or fifty thousand workers employed in the productive plants of the two British Wholesale Societies present no striking contrasts to working conditions in any large capitalist factory under liberal management. They do, indeed, average higher wages, shorter hours, and they

enjoy better sanitary conditions, but they have no voice in the management and may be discharged at the will of their employer. At this point, therefore, there is little data to be discovered from which to draw deductions. This, to many Socialists, would be conclusive, but in reply I can only point out that the condition of workers in the post-office departments or among the street cleaners of our large cities is not, by the Socialists themselves, considered evidence of what conditions will be under a universal system of State ownership, and that no less an authority than Mrs. Sidney Webb, herself a State Socialist, has pointed out, in a report on "An Inquiry into Alternatives to Capitalist Industry" (1914), conducted by the Fabian Society, and published in the *New Statesman,* that the average pay of the workers in the coöperative factories was higher than the wages of those in State employ, and that their working hours were shorter.

But in spite of this capitalistic aspect to working conditions in the coöperative wholesale factories, it is notable that in all general labor disputes the Wholesale Societies have instinctively allied themselves with the organized workers. During the big English coal strike in 1911 the banking department of the English Wholesale Society financed the striking organizations by advancing them money on securities which the private bankers had refused to accept, and, incidentally, the Wholesale Society's bank dates its biggest expansion from that time, because of the patronage of labor organizations. A more striking illustration was furnished during the Dublin strike, in 1913. The information had come to England that the striking dock workers were on the point of capitulating from starvation. Quick action was demanded, if they were to be helped. The British labor unions appealed to the Eng-

lish Wholesale, which, at twenty-four hours' notice, loaded one of its own ships to the hatches with provisions and sent it into Dublin harbor to the relief of the starving strikers. The mad enthusiasm of the crowds which lined the dock at which the C. W. S. steamer was moored, their frenzied demonstrations of joy, the lines of hungry women and children which were supplied with food at the very gangways of the steamer, formed one of the few picturesque scenes in the history of a movement little picturesque in itself. The reader will recall a similar incident regarding the Maison du Peuple of Brussels, related in the chapter on Belgian Coöperation.

And whatever the dispute between the Bolsheviki and the Russian Coöperators, Lenin at any rate does not deny coöperation its place in the labor movement.

Why this instinctive sympathy for labor on the part of an organization which is itself one of the biggest employers of labor? Is it the character of the membership, which is almost entirely recruited from the ranks of Labor? Beyond doubt that is one very strong factor, but the true reason goes even deeper than that.

Coöperation is a labor movement fundamentally, but this only becomes obvious when we regard it broadly, taking in its original impulses with a wide sweep.

But before proceeding further it becomes necessary to define Labor more accurately. The average Syndicalist considers only the factory bench workman or the unskilled wielder of the pick and shovel as a legitimate candidate for membership in his organization. At one time there were some organizations which admitted only enough " intellectuals " to edit their official organs. Now there is a general inclination to draw

the line between productive and unproductive labor, but obviously this is not strictly carried out, for otherwise the I. W. W. organizations in the West would institute a strict inquiry into the use to which the copper of the Montana mines was being put before admitting the miners to membership, excluding those who were mining copper destined for the munitions factories. In personal conversation, Emma Goldman, who is more Syndicalist than Anarchist, told me that she regarded productiveness as the true basis for a definition of Labor, yet considered a diamond cutter a legitimate member of the working classes, while the overworked reporter of a newspaper she regarded only as a capitalistic parasite.

Modern Socialists and Trade-Unionists, however, are inclining daily toward a more scientific definition, or interpretation, of the word *labor,* as witness the recent inclusion of " and brain workers."

Under Labor we may properly include all those who live by labor; those whose means of livelihood are dependent on the remuneration they receive for service rendered, regardless of its social value. Thus, an admiral is as entitled to be classified as a worker as a hod-carrier, while a pushcart peddler, speculating on the profits of his sales, is obviously not a worker. One lives by effort, the other by speculative trade. One works for a wage, the other strives for profit. That the personal sympathy of the admiral may be with capitalism, as it probably is, while the pushcart peddler may be the secretary of a Socialist local, which is not unlikely, does not change the economic status of either. The status of worker or capitalist is in the nature of the source of his income; whether that be from physical or mental labor, or whether it be from trade profits, rents, interest on invested capital.

Accepting this definition, it becomes plain that, in so far as coöperation tends to eliminate capitalism, together with its chief ingredient, private profit, it also tends to increase the numbers of the working class. The hundreds of thousands of small storekeepers whom it has already caused to disappear in the territory it has invaded have reappeared as store managers or clerks in coöperative stores; social servants on a wage basis, therefore workers. This it has done in the domain of manufacturing as well, though not to the same extent, because there its advance has not been so extensive.

This same end — the transformation of all members of society into workers, and toward which coöperation only progresses by degrees — Socialism would accomplish by one fell swoop. Both Coöperator and Socialist contend that this would be the natural result of a complete abolition of private profit as a means of subsistence, and obviously if you cannot live off interest or dividends, you must live by work. Carrying out the coöperative program to its logical conclusion, this would mean that the entire membership of all the coöperative societies would consist of workers, organized as consumers. Thus the workers in the coöperative factories would be their own employees and, through their coöperative societies, would have full power to regulate working conditions to suit themselves. This power the workers in the wholesale societies' factories already have, but, of course, they are now only one per cent. of the total membership, the other ninety-nine per cent. being employed outside the movement. They have, therefore, only one vote out of a hundred in the regulation of working conditions in their factories, and if the other ninety-nine votes are invariably cast in their favor, it is only through sympa-

thy, and not through direct interest. But as coöperative production tends to increase at a faster rate than the membership, this ratio of one to one hundred will gradually change, with one hundred to one hundred as a final, though perhaps an impossible, ideal. To all practical purposes the ideal will be accomplished when the ratio is fifty-one to one hundred, and that is well within the limits of possibility. Such a situation would give the coöperative workers a majority control of their own working conditions.

For the purpose of indicating tendencies, however, I shall continue to argue from the point of view of the ideal; the possible one hundred out of a one hundred. Here, obviously, the workers and the consumers would be completely identical. With full power to raise their own wages as workers, there would be no incentive to do so, for the cost of living would rise automatically with the standard of wages. Under a system involving production for use only, Labor would get the full product of effort, and there would be no question of either high or low wages. True, a certain portion of the wealth accruing from labor might be utilized in manufacturing machinery, or building new factories, or set aside in the national treasury, for the purpose of carrying on future productions, but all this would constitute social capital and would eventually revert to labor anyhow.

At the present time the product of labor is divided between profit; that is, dividends on invested capital, interest, rent, etc., and labor. The constant dispute over the relative portion of each is the perpetual struggle between Capital and Labor. The tendency of Capital has been to take all except just enough to keep Labor alive and efficient. Through the trade-union movement Labor has succeeded in getting a little more,

but while granting the increase in wages, the capitalist simply retrenches from the cost of living by charging the public more for his product, so that the trade-unionist, as the American Federation of Labor has now finally come to admit, simply chases himself around in a circle, while the capitalist stands outside the ring and laughs at him. Under universal coöperation this leak in the middle would be stopped, and the relation between wages and the cost of living would be fixed, with nothing to change it except inefficiency and waste.

Summed up, and considered in its social aspect, as a universal institution, coöperation would mean the people of the country organized as consumers, employing themselves as workers, producing their own needs on a basis of actual labor cost, for use only. Thus not only the incentive, but the means, to exploitation of Labor would be entirely absent.

Coöperation, then, would establish its industrial democracy on the basis of the social interests of the people *as consumers.* It places consumption as the chief end of society, labor being merely a means to that end.

The Syndicalist would reverse this plan by organizing society on the labor interests of its units; it would consider labor as the chief social end, with consumption as a means thereto, an entirely secondary matter. In plainer words, the Syndicalist contends that we eat that we may work, while the Coöperator thinks that he works because he must eat.

But aside from this, the Syndicalist bases his philosophy on one very obvious fallacy: that the interests of Labor are uniform, homogeneous. Which is a counterpart to the Marxian fallacy that the interests of the capitalists are uniform. In actual fact the same

diversity of interests which rends capitalism as a class, also breaks up the solidarity of Labor as a class.

Let us consider the Syndicalist scheme in ideal operation. The miners control the mines, the railway employees control transportation, the wheat growers control the production of wheat. Looked at from above, they are indeed all workers, each trade organized by itself, managing its own industrial affairs.

But unfortunately their relations with each other do not run up and down, but laterally. Each trade, or industry, is surrounded, not by fellow workers, *but by consumers.* The miners, in guarding their rights, would demand as high a price as possible for their coal from the members of the other industrial groups, the transportation workers would get as far away as possible from the notion that the general public should ride in the trains free, while the wheat growers would not only demand lower freight rates from the transportation workers, but demand top-notch prices from them for their wheat.

Truly, says the Syndicalist, this will all be adjusted by central councils, who will regulate these slight discrepancies of interest. But these councils, representing all the industrial groups together, would, as federal bodies, really represent all society as a whole, which would be the consumers, after all. Thus the Syndicalist himself must come back to the fact that labor is, after all, subsidiary to society as a whole.

But these central councils would have only slight power presumably. Suppose the transportation workers should come to an open disagreement with the council. Closely organized as they would be, with discipline developed through their joint management of the national railroads, they would have a power in their hands capable of bringing all of society (the rest

of the labor groups) down on its knees before them. And who shall say that they would never exercise it, after having already attained power through such means.

This is, of course, an extreme situation; it certainly could not become permanent. But the social equilibrium would constantly be disturbed by this tendency on the part of the big and powerful trade interests to assert themselves against the rest of the workers. An industrial democracy founded on labor is no democracy at all, since the true basis of power would rest with the big labor organizations operating the vital industries. This power they might never exercise violently, but in a more subtle way it would, nevertheless, dominate that section of society composed of the minor labor organizations.

Coöperation, on the other hand, is not entirely free from this same fault. Under universal coöperation society as a whole would dominate, and all the labor groups would be subservient to it. This would entail no injustice to labor *as a whole,* because all members of society would be workers, and all of the product of labor would therefore go to labor since none would be devoted to private profit. But there would always be the possibility of dispute between one trade and another; between the carpenters and the miners; between the railroad workers and the wheat growers, as to which deserved the greater remuneration. Here is a cause for friction which probably no social system could ever entirely eliminate; certainly the solution is not in the Syndicalist plan to let each trade group fix its own remuneration.

These conflicting interests between the various elements and classes and trades within Labor itself cooperation would adjust as nearly as is humanly possi-

ble by making Labor entirely subsidiary to the great motive behind it — consumption, the human desire to fulfill the needs and pleasures of life. On this basis alone can a true democracy find a uniform foundation, for it is the one interest which we all have in common, and to very nearly the same degree. We all need shelter, we all need food, we all need clothing; the demand for these necessities is the impulse which sets going the wheels of industry.

Consumption is the basis of all industry, for it is to supply our needs that we labor. Not only is consumption the one interest we all have in common, but it is also the most vital interest of each of us. It is essentially a personal, a human, interest distinct from a business or a trade interest. In fact, it is the only legitimate economic interest that any human being may have. The moment a man wants to possess more than he can consume, or use, his interests are opposed to the common good. There is nothing anti-social in desiring to possess an automobile that you can use. But the moment you want to possess more loaves of bread than you or your family can consume, your fellows should keep a watchful eye on you. No sane man would care to possess more than is useful to him, in a personal sense, unless he wished to gain economic control over his fellows.

Consumers' Coöperation wants to establish an industrial democracy, as universal as possible, in which all shall rule the social industries on an equal basis, as consumers. As consumers we shall control. As workers we shall serve, each according to his abilities, to be rewarded, not on an equal basis, nor according to the time he works, but, as near as human justice can fix it, according to the value his labor has to his fellows. And who but my fellows shall determine the value of

my labor? Who but those who eat them can decide whether the loaves of bread I bake are eatable? Who but my readers shall decide whether the novel I write is amusing or instructive? And who but the consumer shall, therefore, determine the prices?

Private profit having been abolished, it follows logically that I shall receive the full product of my labor. Collective capital having displaced private capital in the public industries, there will be no interest or dividends to be sweated from Labor, and all who would consume must labor. Under coöperation human society will be like one person, laboring to supply its own needs, whether those needs be purely material, like bread and meat, or of a spiritual nature, like art or music.

THE END

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